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ABSTRACT

The primary objective of this guide is to set forth goals of learning that will contribute to student achievement of economic literacy, suggest activities, and resources. It is a skeletal structure which teachers can incorporate into a continuous social studies curriculum, and other appropriate studies. The main purpose of economic education is to develop the problem-solving ability of children as it relates to personal and social problems. To accomplish this it is necessary to: 1) develop the child's ability to think analytically; 2) to help the child to relate his everyday experiences to the economic world; and, 3) develop sufficient knowledge of the basic structure of the subject so that a frame of reference can be established. A core of developmental concepts has been selected that can be extended through environmental, chronological, and logical sequences in line with grade progression. The topical areas are: the problem of scarcity, the economic goals of the nation, productive resources, the market economy of the United States, financial institutions, the circular flow, resource extenders, interdependence and trade, and economic analysis. Materials already in use in Arkansas have been drawn upon heavily: Parts I and II of the Joint Council's Developmental Economic Education Program (DEEP). (SBE)

SP 000 449

ECONOMIC EDUCATION FOR ARKANSAS ELEMENTARY SCHOOLS

Scarcity

Technology

Decisions

Resources

Institutions

Goals

Circular Flow

Trade

Specialization

Market Economy of The United States

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ECONOMIC EDUCATION FOR ARKANSAS ELEMENTARY SCHOOLS

TEACHING GUIDE

Prepared by

Little Rock Public Schools
Arkansas State Council on Economic Education
and
Arkansas State Department of Education

1969

Ila M. Nixon
Editor

FOREWORD

The real importance of economic education as one of the basic areas of general education has only recently been recognized. During the last two decades economic issues such as maintaining appropriate tax levels, coping with rural out-migration and urban sprawl, and providing for both full employment and equal employment opportunities, have taken on new significance.

Combining these issues with persistent questions such as the legitimate role of government in provision of services and the maintenance of economic stability, and dealing with the increasing interplay of economics and politics, makes it clear that tomorrow's citizens must leave high school equipped to make more and better important decisions on economic issues.

To make such decisions the students must become knowledgeable in the field of economics and must be able to apply that knowledge to personal, social, and political-economic issues.

If the schools are to provide students with such ability, without unduly increasing the curriculum load at any particular level, economic education must begin when the child starts to school. This accounts for the increasing effort that is being made in Arkansas and other states to interrelate this dimension of the social studies with the already established elementary school curriculum.

In recent years, some basic revisions have been accepted in the writing and selection of instructional materials to be used in the teaching of economics, and this Guide is offered as one more part of the whole teaching program now available to teachers.

There are three main features of the Guide. The first is designed to provide teachers with an overview of basic economics for their own backgrounds; the second identifies and illustrates the economic understandings which are essential; and the third describes classroom activities that have been, or may be, instruments through which these understandings are developed.

The degree of effectiveness of the use of the Guide will depend on the teacher's knowledge of basic economics. For this reason it is imperative that Boards of Education reinforce the usefulness of this Guide by finding ways of providing in-service training for teachers who have not had opportunity for such training.

It is also imperative that curriculum directors and supervisors study the Guide and lend whatever assistance and encouragement they can to its implementation.

Many persons have contributed to the publication of the Guide, and to all of them we are indeed grateful. Among these are the loyal and faithful committee of teachers who gave endless hours of their time in preparing materials, the school administrators who lent encouragement and wisdom, and the teachers we have observed developing this dimension so masterfully that it reinforced our belief that this can be done in every classroom in Arkansas. The Guide is also an outgrowth of the materials and experiences made available to Arkansas through its participation in DEEP, the national curriculum development project of the Joint Council on Economic Education.

The Arkansas Developmental Economic Education Program (DEEP) is an activity of the Arkansas State Council on Economic Education. The Council, a nonprofit, nonpartisan corporation supported by all segments of the economy, including representatives from education, business, industry, agriculture, labor, government, and the professions, from all parts of the state, exists to encourage improved economic education in Arkansas schools. Without the active support of the Council this Guide, and in fact, the entire program of economic education in Arkansas schools would not have been possible.

We are especially indebted to:

Mrs. Ila M. Nixon, Editor, whose deep understanding of children and elementary education has produced a Guide which will challenge the best efforts of Arkansas teachers.

Dr. Bessie B. Moore, Supervisor Economic Education, State Department of Education, and Executive Director, Arkansas State Council on Economic Education, under whose direction the Economic Education Program has brought Arkansas national distinction.

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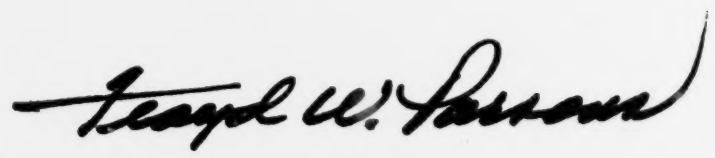

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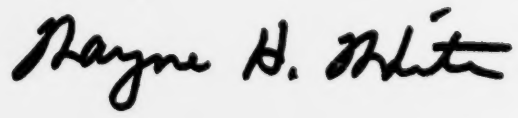

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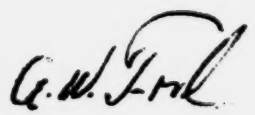

A. W. Ford, Commissioner
Arkansas State Department of Education

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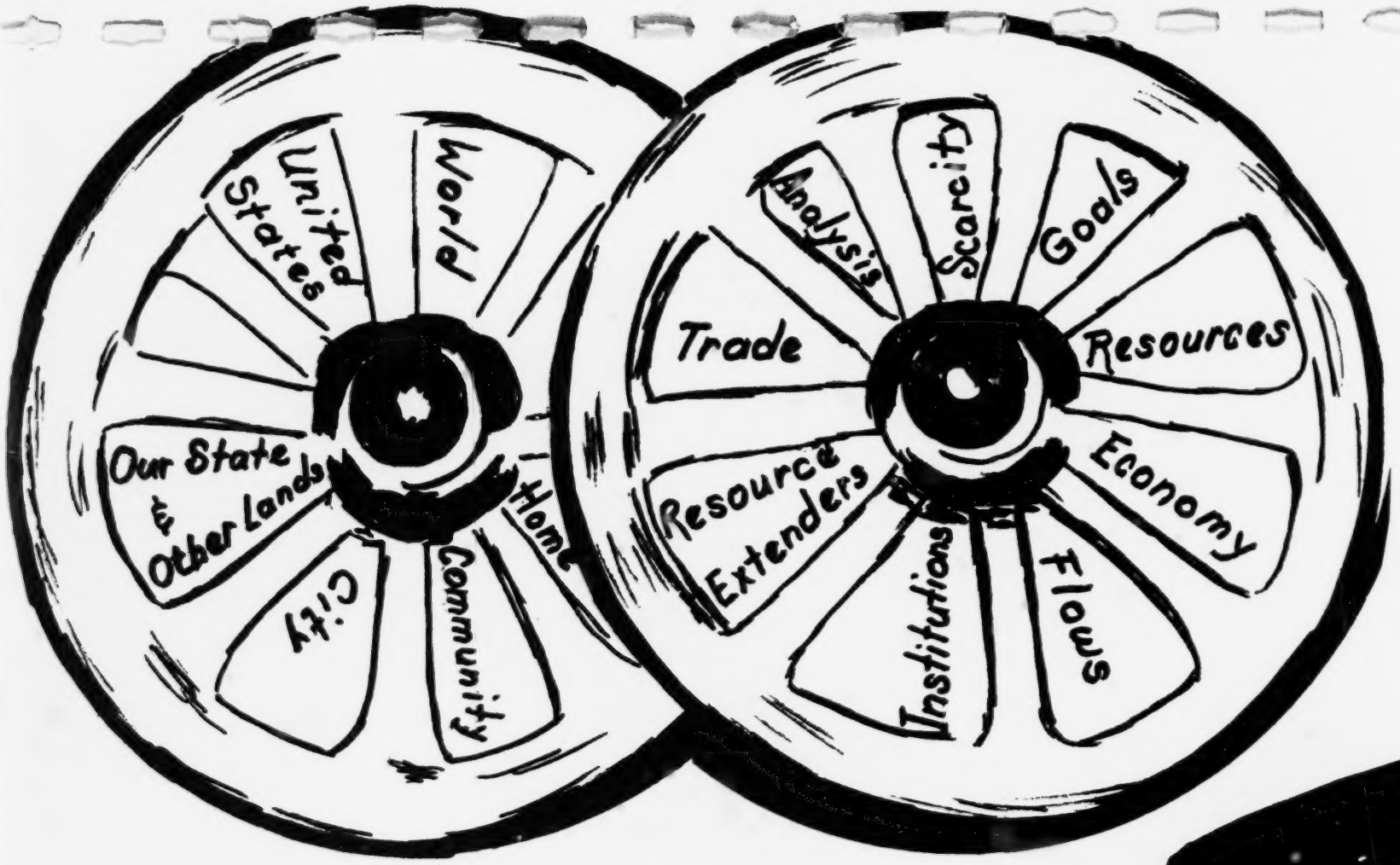
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Resource Extenders
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Flows

How to Use the Teaching Guide

The economic understandings that are to be developed through the use of this Guide and other aids are not to be introduced only at particular grade levels. The concepts that are introduced are basic at all levels, but they should be developed through the grades with an increasing degree of sophistication. It is to be hoped that teachers within a school will coordinate their work in such a way that meanings developed at each level will unfold into a new step of inquiry at the next level.

As the first step in using the Guide, it is recommended that teachers separately or collectively examine carefully the broad overview of economics (page 4) and the succeeding overviews for each of the topical areas. This will provide the background essential to interpret and relate the suggestions for teaching for each of the areas.

The understandings to be developed are listed under the heading Economic Understandings. In some of the areas certain conceptual images that must be developed are listed. In some other areas they are listed, defined, and explained.

The section of the Guide which suggests ways of clarifying and applying understandings in all phases of the curriculum is labeled Classroom Applications. The decision to organize the Guide with understandings and applications for all grade levels pertinent to each topical area was made in the hope that it would enable teachers to identify sequential responsibilities and avoid gaps and overlaps in the overall program.

Each teacher can readily examine suggestions for a particular grade level as well as get an overview of the whole year's work by using the color coding that has been assigned to each topical area.

In the section of the Guide following the topical areas, teaching materials have been provided to illustrate how more extensive units can be organized and how the teaching of economics can be integrated throughout the school year. Field trips can vitalize teaching at all grade levels and a format for these is provided. Finally, the Guide includes diverse sources from which teachers and schools can obtain information and materials to supplement the usefulness of this Guide.

INTRODUCTION

The primary objective of this Economic Education Guide is to set forth goals of learning for elementary students that will contribute to their achievement of economic literacy, and suggest activities and resources that will be helpful in attaining these goals. It is admittedly a skeletal structure which teachers, through their own knowledge and creative talents, can adapt to the function for which it is designed--the non-fragmented fusion of economics into the social studies, and other appropriate studies.

The rationale for the approach taken stems from the belief that the main purpose of economic education in a free society is to develop the problem-solving ability of children as it relates to personal and social problems, basically economic in nature.

To accomplish this purpose, we must:

1. Develop the child's ability to think analytically,
2. Help the child to relate his everyday experiences to the economic world about him,
3. Develop sufficient knowledge of the basic structure of the subject so that a frame of reference can be established for arranging economic ideas and relationships in a meaningful way.

It is hoped that careful use of the Guide will eliminate two major hurdles that stand in the way of accomplishing these goals, i.e., in practice:

1. There is not always sufficient continuity, either in the school curriculum or among teachers, to give proper substance to the program.
2. The dimension is not always viewed by teachers as a realistic and essential contribution to the purpose of the subject with which it is integrated.

The sound teaching practices recommended should demonstrate to teachers that these obstructive hurdles are present when teachers assume that a unit of study provides sufficient attention to economic education, or that this is a new subject for which there is not time. Economic education that develops tools of reasoning cannot be taught entirely through a single unit during a year nor through a series of unrelated units. Economics must be brought into every social studies teaching plan in which the teacher brings together the purpose, content, learning experiences, and instructional materials that deal most honestly with the purpose of the lesson. When such planning includes units of study, continuity between units must be established. A unit must be germinal, not terminal. It is hoped the manner in which units are used in this Guide will serve as a pattern for their special use for emphasis.

The plans set forth in the Guide can be carried out in part through the setting up of problems for analysis that lead into other problems which are either related or are outgrowths. This stimulates analytical thinking which is one of the aforementioned goals of economics. The plans are particularly

adaptable to the regular social studies curriculum which provides a continuous framework for the activities; that is, the existing patterns of social studies usually have as the main emphasis such themes as the home, school, and neighborhood, and in some series the urban community at the primary level; the state or city in its cross-cultural world setting at fourth grade; the history of United States at fifth grade; and the nation in the regional and world setting at sixth grade.

The content may differ somewhat in the different social studies textual series, but whatever direction the adopted text of the particular school follows, the economic concepts are so basic that they will be recognizable.

It is not intended that this suggested plan of organization shall limit pupil experiences at different levels; however, there should be some order in the introduction of economic ideas so teachers may assume at each level that children have some background for new concepts. In general there is no more justification for a teacher to create a gap in this learning by deciding that it is impossible to take the time for this dimension at this level than there would be to decide there is not enough time to teach division because mathematics must be taught, or punctuation because English must be taught. Economic education is a part of the social studies curriculum. In developing understanding of the historical events of the past and the part man played in them, it is equally important that they also acknowledge the impact that economic forces have had on the events. Modern hospitals; vaccines; pure food in abundance; ways of travel; home conveniences; and better schools, homes, and means of recreation don't just happen. They are the result of work and the organized use of scarce resources, which is essentially what is being taught through economics.

Children also need to see the impact which their own actions and decisions have on the resource market. It is only as they begin to relate personally with the producer-consumer process and with choices and decisions that have to be made that they begin to acquire the economic literacy necessary for dealing with economic problems affecting their own personal lives and the decisions that have to be made as citizens in a democratic society.

In order to build, at the elementary level, a solid base upon which expanding cycles of learning can be carried on with clarifying continuity, the committee has drawn heavily on materials already in use in Arkansas.

These include Part I and the elementary section of Part II, of the publications prepared for the Joint Council's Developmental Economic Education Program (DEEP, Parts I and II).

The overall outline for the economics to be taught has been divided into broad and interrelated categories. A core of developmental concepts has been selected for each area that can be extended through environmental, chronological, and logical sequences in line with grade progression.

The topical areas are:

I. The Problem of Scarcity

II. The Economic Goals of the Nation

III. Productive Resources

IV. The Market Economy of the United States

V. Financial Institutions

VI. The Circular Flow

VII. Resource Extenders

VIII. Interdependence and Trade

IX. Economic Analysis

OVERVIEW

Satisfying people's wants and needs for goods and services is the end purpose of economic activity. It is what economics is all about. The basic fact which every economic system faces is the lack of enough productive resources to satisfy all of the wants of the people. This gives rise to the problem of scarcity which gives rise to the need for economizing, that is, for allocating available productive resources, so as best to satisfy the wants of the people.

PROBLEM OF SCARCITY

HUMAN WANTS	can only be satisfied by	RESOURCES
1. Numerous		1. Scarce, relative to human wants
2. Can be satisfied in different ways		2. Can be used in different ways

Since all societies are faced with the same basic economic problem of economizing or allocating scarce resources among alternate uses, each society must have some organized way of making decisions as to how to use scarce resources.

ECONOMIC SYSTEM DECIDES

WHAT TO PRODUCE — HOW TO PRODUCE — WHO GETS WHAT IS PRODUCED

The way in which a society makes these decisions determines the kind of economic system it supports.

The economic goals of our own economic system, which have changed over the years and have been arrived at by the voice of the people through their past political and economic decisions, should be known to the elementary teacher as students are helped to determine what the goals of democracy should be. Definition of the goals should not be drummed into the minds of the children as memorized facts. Rather this time should be spent on ways of resolving conflicts that arise in any area of relationships whether or not they are economic by nature, and developing conceptual understanding of the terms in other settings.

The goals listed and defined in this Guide are for the benefit of the teacher as plans are made at the particular level of development.

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At such a time as experience in reasoning has prepared the students to find something concrete in conflict, the goals will begin to make sense.

Despite the fact that children are orientated to the notion that nothing is scarce except money, it is possible to make clear that what are really scarce are the productive resources out of which goods and services are made.

Resources can be defined, but they are sometimes so interrelated that distinction between them becomes fuzzy. This should not be of too great concern at the elementary level. It takes people, tools, and raw materials to produce anything.

What should be of concern is that they understand through many experiences, that economizing means making the best use of these scarce resources because resources to satisfy our wants are limited, therefore not free for the asking. Hence we must choose among the possible alternative uses to which these resources can be put--whether to save, or spend our allowance or earned income on one object or another--T. F. R. (Task Force Report).

Related to the meaning of economizing is the meaning of saving resources, which means abstaining from present consumption. (Such activities as those suggested in DEEP, under SAVINGS, INVESTMENT, CAPITAL, can make clear to students the significance of saving, not for its own sake, but for its contribution to future production.)

Related very closely to both of these understandings is the concept of Opportunity Cost. (If resources are used to satisfy want No. 1, they can't be used to satisfy want No. 2, hence the real cost of want No. 1 is the opportunity of satisfying want No. 2 with the same resources.)

Just as the role of business enterprise in production is emphasized, so should the role of labor be examined. It is very important that students not think of labor only as a factor involving physical effort; nor should they think of farmers only as manual laborers on a farm. The roles of both have changed with new sources of power and technology, as has the output of both. Human resources should be thought of as being dynamic, not static; they are capable of growing in utility as we conserve, develop, and allocate them wisely.

Our own economic system, which we describe as the private enterprise market approach, is called by several different names--Free Enterprise, The Market Economy, and American Capitalism--all of which add up to the same thing: decentralized market decision making.

The basic characteristics of the economic system are:

1. Private ownership of property
2. Economic gain as the motivating force
3. Consumer direction
4. Competition as a regulating force
5. A minimum of government influence and control of the market
6. Stable government by law

In a market economy it is the consumer by his demands (dollar vote) at the market, primarily, who decides what will be produced.

Under the pressure of competition, the producer decides how production will be carried on.

Economic institutions are creations of man for man, devised to help the economy move forward smoothly and efficiently.

We have already mentioned the institutions of private property ownership, decision making through the market, and the regulation of economic activities through competition instead of central authority.

Now we must make mention of a fourth institution, which is the financial institution. In this connection the commercial bank comes immediately into focus, but other savings institutions such as savings and loan associations and life insurance companies should also be included. Financial institutions serve many purposes but the common characteristic of all of them is that they are the means of channeling money from savers to investors. The history and function of money will be included in this area of understanding.

The share (for whom) each individual, family, business, or government gets is determined by income and willingness to buy. To understand how income and production interrelate with each other and how a decentralized system answers these questions--what, how, and for whom--a circular flow of goods and services and money can be used at the elementary level by moving from a simplified model at the Primary I level through the additional levels of understanding to a more complete model.

People from households go to the market as sellers of the factors of production to earn income, and to the market as consumers to buy finished products or capital equipment (spend income).

Businesses go to the market to sell what they have produced, but first they had to go to the resource market to get the factors of production they needed (land, labor, and capital tools) to produce the goods and services the people want to buy.

Given the overriding element of scarcity, the core of most economic issues in a market economy is the need to make intelligent choices among competing alternatives. Children come face to face with such issues every day. History is full of events in which the problem of coping with the fact of scarcity through choices is the main issue.

One of the purposes of economic education at the elementary level, as stated in the Introduction, is to develop a way of making rational choices, whether we are dealing with economic or other kinds of problems. As children get acquainted with history and geography they will discover that in our country we have not always had as many choices as we have today and that people in different parts of the world have different numbers of choices. We have relatively more choices than people in other countries. (One of the main reasons for this is our advanced stage of technology; also the privilege we have of making individual decisions at the voting booth.)

Because of the basic assumption of scarcity brought about by the fact that we do not now have enough productive resources to produce all of the goods and services man wants, man has attempted to extend the resources through institutions, specialization, technology, and entrepreneurship.

From the point of time in the history of any nation when production moves away from muscle power and self-sufficiency toward invention, discovery, and specialization of all productive resources, the impact of interdependence which necessitates trade should be discovered and emphasized. Here again common sense runs hand in hand with economic reasoning. "What would you think two people or two nations would do if each one had a surplus of different kinds of goods?"

The practice of separating domestic and world trade at the lower elementary level is illogical. The "Round the World" materials currently found in school libraries give a distorted image of children and families of the world in relation to each other if inquiry into world interdependence and trade is not stimulated. At the upper elementary level the distinction between domestic and world trade and the significance of world trade and the way it is carried on will become more pronounced, but we have been sowing the seeds of international trade and interdependence when children discovered that in the home, the neighborhood, and the regions people do different jobs and thus specialize to do the task more efficiently.

Once students understand the need for choice making in economizing, saving, and considering opportunity cost, the next step is a logical one which explains the use of a set of analytical tools to be used in making such choices.

Training in economic analysis does more than just contribute to the students' understanding of how our economic system operates. It develops capacity to base choices among competing alternatives on reasoning rather than emotions or immediate desire.

It also develops awareness that things don't just happen--that work is important--that trees have to be grown, inventions have to be developed, materials for building cars have to be imported, research has to be carried on, and people have to be trained for their job in production, and to earn a living.

It must be evident to the elementary teacher by now that economic concepts must not only be discovered, they must also be organized, which is the condition upon which this Guide is based. Lest we get the cart before the horse, we should re-emphasize economic reasoning; discovery must accompany the organization of concepts, not follow it.

The reasoning process is an unfolding of meanings, each of which raises a new set of inquiries. Beginning of inquiry may originate in the textbook or in any other experience, but the importance for analysis is that the inquiry itself becomes an experience in reasoning.

The date line or period line in teaching history is not just a way of dividing up the past, and teaching about it. Not only what happened in each of these periods, but what the happening sprang from, provides for reasoning. By substituting thought processes for textbook facts at times, and permitting students to predict, through analysis, what the next period of history they study will embrace, could be a very motivating device, because students themselves are directing the inquiry which can only be pursued with tools of reasoning.

NOTES

Satisfying people's wants and needs for goods and services is the end purpose of economic activity. It is what economics is all about. The basic fact which every economic system faces is the lack of enough productive resources (land, labor, and capital) to satisfy all of the wants of the people. This gives rise to the problem of scarcity which gives rise to the need for economizing, that is, for allocating available productive resources so as best to satisfy the wants of the people.

Scarcity in this study means an inadequate supply of goods and services to meet the numerous wants and needs of people.

Everyone has wants and needs to satisfy. We cannot have all of our wants and needs satisfied--not as individuals, communities, nor as nations. We have to make choices all of the time--social choices, economic choices, and choices as citizens of issues and people who will represent us in decision making.

In this study we will try to learn how to make choices or decisions that will give the most satisfaction.

The process of satisfying your wants is called consumption, and the people whose wants are satisfied are consumers.

Consumer goods and services are goods and services that satisfy wants directly (e.g., food, houses, cars, electric trains, shoes).

Capital goods (e.g., tools and equipment) don't satisfy wants directly, but they are used to produce goods and services that do satisfy wants directly.

The process of providing consumer goods and services as well as capital goods is called production and the people who carry on production are called producers.

Production takes place in households and in plants and factories, and in other businesses.

People who perform some services are sometimes called "middlemen." They may include truck drivers, salesmen, packagers, delivery men, and baby sitters.

They are productive because they are performing a service people want. They are making other productive work possible.

They are helping all other producers of goods and services narrow the gap between man's wants and his limited resources.

Area I | PRIMARY I | The Problem of Scarcity

Every economic system faces the basic fact of scarcity because there are not enough productive resources to satisfy the wants of the people. This fact brings on a need for making economic decisions.

Economic Understandings

Satisfying people's wants and needs for goods and services is the end purpose of economic activity. It is what economics is all about.

The basic fact which every economic system faces is the lack of enough productive resources (or factors of production) to satisfy all of the people. This gives rise to the problem of scarcity which gives rise to the need for economizing, that is, for allocating available productive resources, so as best to satisfy the wants of the people. (Chart I, page 4, OVERVIEW)

Make sure children have conceptual image of:

goods
- durable
- nondurable

services
- all kinds

scarcity

satisfaction

producer-production

consumer-consumption

wants-needs

(See "Dictionary of Economic Terms")

Scarcity in this study means an inadequate supply of goods and services to meet the unlimited wants and needs of people.

Everyone has wants and needs to satisfy.

Classroom Applications

No attempt should be made to establish an image of poverty or total scarcity, but children can understand that when there is a price on the thing they want, it indicates that the article or service was produced with relatively scarce resources, and more than likely the scarcer the resources are, the higher will be the price.

Children should recognize that scarcity exists because every human being is a consumer with unlimited wants for goods and services. All of these wants create the problem of scarcity because productive resources with which these goods and services are produced are scarce, and family income is limited.

Children face the problem of scarcity in their own wants and in the family's wants and needs.

Resource Suggestion: "Our Home and Family," Vol. II, Economic Education of Enterprising Teachers.

Start this study with a real person called Susan Brown who has a mother and father and a brother, Henry.

Resource Unit: Senesh, Lawrence. Our Working World, "Families at Work." Science Research Associates; Freeman, Don. The Night the Lights Went Out. Viking.

Economic Understandings (cont'd)

We cannot have all of our wants and needs satisfied--not as individuals, as communities, or as nations.

We have to make choices all of the time--social choices, economic choices, and choices on issues and people who will represent us in policy decision making.

"It's very hard to spend a penny,
I almost wish I hadn't any."

Basic Readings: Families and Their Needs, Silver Burdett Company.

The basic needs of people everywhere are food, clothing, and shelter. The kinds of food,

Classroom Applications (cont'd)

This is a picture of Susan and her wants.

Susan's Problem

Susan had a birthday. Her grandmother sent her a dollar to buy a toy. At the store Susan found a doll she wanted for five dollars. She found a book of pushout dolls for 97¢. Then she saw this pretty little plastic doll that was only 57¢. Now Susan has a problem:

Should she save her money to buy the big doll later? Should she buy the paper dolls? Or would it be better to buy the plastic doll? What would you do if you were Susan?

Let the class set up Susan's problem and analyze it. What was Susan's problem?

Money was scarce. She just had a dollar. She had to choose what she wanted to buy with it. She wanted to choose the thing that would bring her the most pleasure.

Help Susan solve her problem.

Economic Understandings (cont'd)

clothing, and shelter people want change from time to time and they are not the same in kind all over the world.

The process of satisfying your wants is called consumption, and the people whose wants are satisfied are consumers.

Consumer goods and services are goods and services that satisfy wants directly (e.g., food, houses, cars, electric trains, shoes). Capital goods (e.g., tools and equipment) don't satisfy wants directly, but they are used to produce goods and services that do satisfy wants directly.

Classroom Applications (cont'd)

The process of satisfying your wants is called consumption, and the people whose wants are satisfied are consumers.

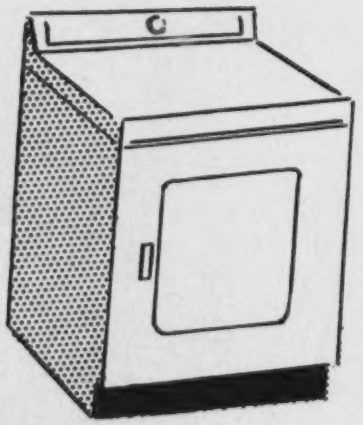
Consumer goods satisfy wants directly. If Susan were hungry and bought an ice cream sandwich with some of the money her grandmother had sent her, the ice cream would be a consumer good. Why? Would the doll be a consumer good? Why? Susan's mother bought a new cook stove. Is that a consumer good? No. Susan's mother can't eat it, or wear it, or live in it. The stove is a capital good. It will be used to produce a consumer good--a pie or a cake, maybe.

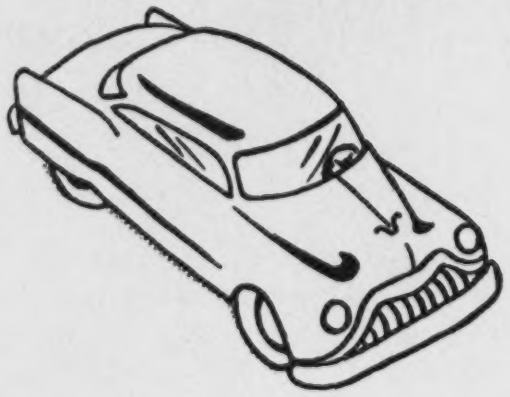
Cover the top of a flannel board with pictures of consumer and capital goods. Let a child take one down and call on another child to tell which it is. If he tells correctly, he becomes the caller.

Place the pictures in their proper line.

Other than through wise choices, how else can we help solve the problem of scarcity?

Use substitutes. Illustrate this. Share. Small groups use the scarce books and pass them on, etc. Take turns. The library doesn't have to have the same book for every person. It is not necessary to have a swing for every child. Rearrange plans. If Susan invited 12 guests to her birthday party and had only six sandwiches, what could she do? Take care of things. Clothes look nice longer if they are hung up. Toys last longer if they are put away at the end of playtime.





Classroom Applications (cont'd)

Books are nicer to use if they have been handled with reasonable care.

Learn to use the words scarce and scarcity.

The Economic Education TV Curriculum Series program entitled "To Market, To Market" handles this area of understanding very well.

Through the use of thought questions, lead the children into a discussion about unlimited wants.

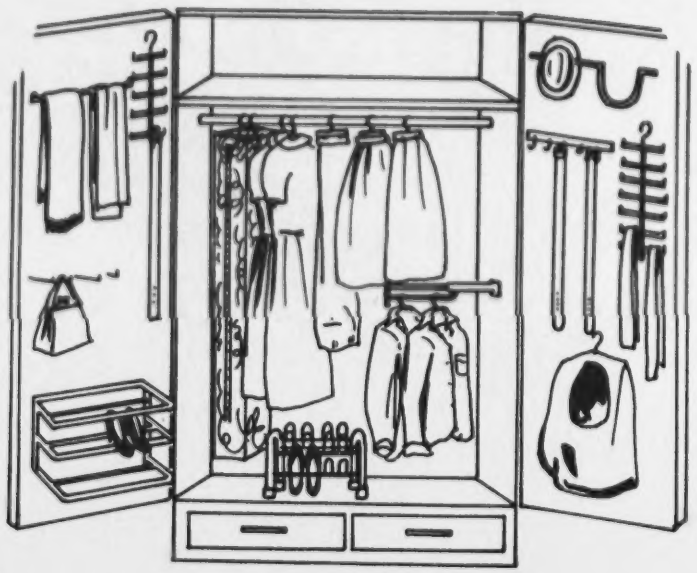
Are our wants ever satisfied? Do we ever stop wanting? Can we ever have everything we want? If you get a new dress or a new book or a new toy, are you satisfied for very long?

Induce children to tell what some of the family wants are, and how the family goes about deciding which of the wants will be satisfied first.

Remind children that their own wants might be satisfied if they were alone in these wants, but that everybody in the world has similar wants, and all of them have the same basic needs: food, clothing, and shelter.

Suggested References: Silver Burdett Company
Units: Shelter for the Family
Food for the Family
Clothes for the Family

Bring out the idea that wants and needs vary according to size, sex, age, income, where people live and what is on the market, and that they can be satisfied in different ways.



Classroom Applications (cont'd)

Develop understanding of the terms goods and services, and use the terms when talking about things we want and need. We are the consumers of goods and services when we use them to satisfy our wants.

Make a chart using magazine pictures of goods we consume (food, clothes, homes, cars, pencils, books, buses, etc.).

Elicit some reflection on the problem that arises because all human beings--including babies, sick people, and all domestic animals--are consumers, but not all people are producers.

Begin a permanent vocabulary chart.

Story: The Bike, pp. 3-10, from "The Magic Box," MacMillan.
Music: Just Wishing, p. 3, Prentice-Hall.

Some goods are consumed very quickly. They are called nondurable goods.

Some goods, like homes and cars and school buildings, are consumed very slowly. They are called durable goods.

Let children cut from catalogs one durable and one nondurable product they would like to have. Paste self-drawn pictures of the children on butcher paper with one product in each hand. Let the class identify each as to durability. Which will probably cost the most?

Name some durable and nondurable goods in the classroom. Name some durable and nondurable goods in the school.

Economic Understandings

This farmer is a producer.
The farmer's time is expensive.
The capital goods he uses are expensive.
The land he is using is expensive.
This is the reason food from the farm has a price on it.
This is the reason the farmer has to choose what he will plant on the land.
The soil, the location, and the demand for certain kinds of foods help the farmer to make this choice.

Production takes place in households and factories.

The goods and services which we want do not come to us without work. They have to be produced.

Classroom Applications (cont'd)

Make a picture dictionary of goods which are consumed over a long period of time.

Experiment: Use a glass of water to show that some things are consumed quickly, such as: food and drink, and some over a longer period of time, such as clothing, cars, etc. We drink the water, but we use the glass over and over.

Help children to discover some of the reasons why they can't have everything they want. The things people want have to be produced. Production represents work and requires the use of scarce productive resources. (Do not go into productive resources in depth but name them so children can see their place in production.)

Teachers can help supply reasons why all wants cannot be satisfied:

Not enough money (family income)
Not enough workers (human resources)
Not enough raw materials (natural resources)
When resources are used for one thing they can't be used for anything else (opportunity cost)
Workers can only produce one thing at a given time
Factories, tools, buildings (capital goods) are scarce and can be used for only one purpose at one time

Role play situations that illustrate these facts.

Producers in the home use resources to produce things members of the family want.

Economic Understandings (cont'd)

Food must be grown. Groceries must be bought. Meals must be prepared. Laundry must be done. Clothes must be made. Doctors, engineers, and teachers must be trained. Trees must be cut into lumber to build houses. Schools must be built. (Lead children to see that there are two kinds of producers--producers of goods, and producers of services.)

Be sure children have a conceptual image of a producer.

Who produces the goods you use:

When you play?
When you sleep?
When you go on vacation?
When you work in school?

People who perform some services are sometimes called "middlemen." They may include truck drivers, salesmen, packagers, deliverymen, and baby sitters. They are productive because they are performing a service people want. They are making other productive work possible.

They are helping all other producers of goods and services to narrow the gap between unlimited wants and limited resources.

Is the ambulance that gets the patient to the hospital less important than the surgeon and hospital attendants?

Role play situations in which people try to get along without the "middleman."

Classroom Applications (cont'd)

They must decide what to produce that will bring most satisfaction to the family.
They must decide what productive resources to use.
What resources does Mother use in producing your favorite product?

Producers outside the home use resources to produce the things consumers will buy.

They must decide what to produce that will provide satisfaction for those buying.
They must decide what productive resources to use.
What productive resources is Farmer Dean using in the picture?
They must decide what location would be best for the business they are going into.

Producers in school use productive resources.

Labor + Tools + Materials = Product.

Student + (Scissors + Paste) + (Paper + Tempera Powder) = A Cutout Picture.

Labor: Can you produce the cutout picture without people?
Tools: Can you produce the cutout picture without tools?
Materials: Can you produce the cutout picture without raw materials?

Let children try to produce without all three resources.

Classroom Applications (cont'd)

All productive resources are scarce--some more expensive than others. This is the reason why all of the material things we want have a price on them, and this is the reason we need to make wise choices in buying.

Using the following suggested captions, draw pictures that carry out the idea of producers of goods and producers of services:

Producers of Services in the Home
Producers of Goods in the Home

Class Stories: "Something Mark Can Make," pp. 3-44; Outdoors and In, Harper & Row; Family Helpers, Hoffman, Children's Press

Talk about how children can be producers in the home. Make charts:

I Can Help

Help children to understand that helping mother gets work done faster so she will have more free time.

Music: "Mothers Make a Home," p. 25, Silver Burdett Company.

Using the following suggested captions draw pictures that further carry out the idea of producers of goods and services outside the home:

Producers of Services Outside the Home
Producers of Goods Outside the Home

Help children to understand that those who can produce, produce for those who can only consume as well as for other producers. Some such producers: visiting nurses, dentists, Salvation Army, Red Cross, Community Chest, March of Dimes, and parents.

Let the children supply the lists of workers under these captions:

Some workers help us learn.
Some workers contribute to our good health.
Some workers produce our food.
Some workers produce our clothes.
Some workers repair things.
Some workers protect us.
Some workers produce houses for us.

Resource suggestion: Economic Education Experiences of Enterprising Teachers, Vol. I., 'Economics Is Anytime, Anywhere."

Additional Materials: Filmstrips
--"Working Together in the Family," Encyclopedia Britannica.
--"The Work We Do," Curtis Publishing Company.
--"Work Inside the Home" (filmstrip and record), McGraw-Hill ($8.00)
--"Work Outside the Home"

Stories: A House for Everyone, Betty Miles, Knopf
The Little House, Virginia Burton, Houghton-Mifflin
Wonderful House, Margaret Wise Brown, Harper & Row
About Father at Work, Ruth Radlour, Melmont
Daddies--What They Do All Day, Helen Puner, Lothrop

Class Stories: City Days, City Ways, from "At Home," Scott Foresman and Company
Janet and Mark, from "Outdoors and In," Harper and Row

Music: At Our House (poems set to music), Lois Lenski, Walck Inc., p. 48.

Evaluation: Are the children beginning to understand why it is necessary for them to learn to make wise choices?

Do they have a better understanding of how to make wiser choices?

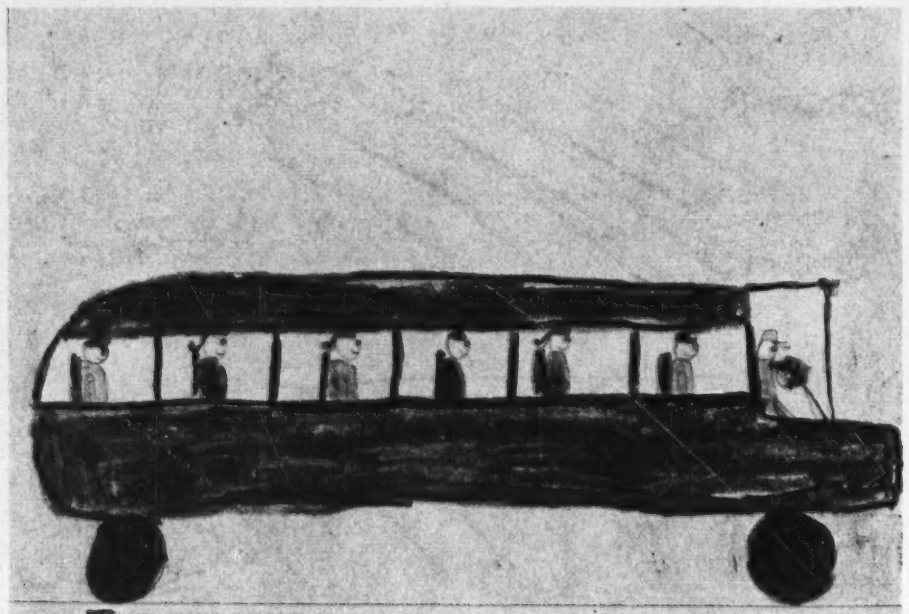
Have they gained some appreciation for the work and scarce materials that go into production of the things they want and need?

Do they put into practice ways of alleviating scarcity?

Can they use with conceptual understanding such terms as wants and needs, goods (durable and nondurable), services, scarcity, producer, consumer, and productive resources?

Area I PRIMARY II The Problem of Scarcity

Every economic system faces the basic fact of scarcity because there are not enough productive resources to satisfy the wants of the people. This fact brings on a need for making economic decisions.



Transportation is scarce in our community. We have only two buses a day. Sidewalks are scarce too. We have to walk in the street. We have no place to ride our bicycles.

Small Town Neighborhood

There is plenty of land in small town neighborhoods. The price of land is lower than in most big cities. Most houses are owned by people who live in them. Many work in cities. Rhonda

Economic Understandings

In expanding the concept of scarcity beyond the home, the center of interest shifts to the community.

To simplify the study it will be well to use a loose classification of communities and to use the terms neighborhood and community interchangeably to fit the particular locality and the social studies text.

There are many kinds of communities. A community may include people living in the same district and doing the same work. It may be a big city community of high-rise apartment houses, where people hardly know each other, or it may be a farm or suburban community of friendly people who work together to improve the community. It may be a low-income community where people are crowded together and the basic needs are very scarce.

Classroom Applications

The children may be organized into different groups, changing from time to time, to identify with and get the feel of needs and wants in the different environments, and different ways of satisfying wants or inabilities to satisfy wants.

This activity may help children to see that want satisfaction doesn't "just happen." Want satisfaction requires work and resources to work with.

The class may want to make big cutouts of a family, give the family a name, and let the family move from one community to another for the same purpose.

Start a big scrapbook of life in the different communities.

Resource suggestions:

Map: My Town, U.S.A. (A picture map of the factors which make up a community and contribute to its life.) Daniel M. Taylor, Box 1094, Greenwich, Conn. 06830.

Films: What Is a Neighborhood? Coronet.
Neighborhoods Are Different, EBF.
The Neighborhood Community, EBF.

Economic Understandings (cont'd)

Most people live in communities. Families live as neighbors to each other and share many of the same wants and needs.

People in all societies have wants that can't be satisfied because of limited income and because productive resources are scarce relative to the wants of all consuming units. (A consuming unit may be an individual, a family, a community, a city, state or nation.)

Communities are users of goods and services. The goods and services they consume require the combined use of the factors of production (defined in Area III, OVERVIEW).

By living in communities people can have more of the goods and services they want, because there are more resources in a community than in a family, and they can be put to more versatile use.

Many of the scarce and expensive goods and services can be bought collectively, thus making best use of scarce resources.

Communities are dependent upon other communities.

Classroom Applications (cont'd)

Review the understandings of the factors of production introduced at the lower level.

As children look for pictures and talk about the different kinds of communities they represent, make a list of the wants and needs that are common to all communities, and compare the different ways different communities try to satisfy these wants.

Do any of the communities supply all of their own wants and needs? Does the present day farmer supply all of his own family's food?

Where does the water for the different communities come from? Where does the building material come from? Is there a school for all children? At this point it might be well to make a study of the school which is a small community where people work together to make best use of scarce resources (teachers, buildings, land, equipment, other workers).

Take a walk in the neighborhood and see how land, labor, and tools are being used. Living in Places Near and Far, Macmillan Company, and Communities and Their Needs, Silver Burdett Company, and other social studies books provide excellent information and activities for developing this understanding.

Economic Understandings (cont'd)

Communities are alike in some ways and different in some ways.

When a choice is made between the satisfying of two different wants, the one that is not satisfied becomes the opportunity cost of the other.

Just as the family income is usually limited, so the income of a community is limited and its productive resources are scarce.

The community must make choices on how to use resources. If the people vote to spend money on a park and swimming pool they may have to give up the idea of a neighborhood library.

Classroom Applications (cont'd)

Ask the question, "What are some things that we find in all communities?" Continue questioning until they discover that all communities have people, land, buildings, and some way of transportation.

Induce children to talk about their own community. How far does it reach? What are its boundaries? Are there big buildings in the community? Is it old or new? What do you like about it? How do most of the people in the community make a living? Find the approximate location on a primary globe. Make a map showing such uses of land as the location of the school, the fire station, church, stores, and parks as applicable.

Develop the understanding that land has to be allocated for all of these buildings.

If the school building had to be enlarged what would be given up immediately? (Part of the playground, which would be part of the opportunity cost of the building.)

Engage children in a discussion of scarcities they know about to develop conceptual understanding of the word. Scarcities in the home--the school--the neighborhood.

What are some economic choices the family has had to make? Let children find out from parents what the opportunity cost of some of these decisions were. Ask, "What choices do you have to make other than those that involve money?"

Economic Understandings (cont'd)	Classroom Applications (cont'd)
Resources, including time, used for one thing cannot be used for another. Children should recognize that scarcity exists because every human being is a consumer whose wants for goods and services cannot be satisfied because income is limited and wants change.	The choice may involve use of time. Let children relate decision-making experiences. Ask if they have ever saved for something and then found they wanted something else more. Get children to see that consuming units generally derive best satisfaction from what they do or buy if thought has first been given to the opportunity cost as well as the money cost.

Evaluation: Do children show evidence of understanding why thought should be given to choices before they are made? Do they distinguish between wants and needs?

Are they beginning to accept some responsibility for best use of time and money?

Are they beginning to understand the meaning of opportunity cost?

Area I | PRIMARY III | The Problem of Scarcity

Every economic system faces the basic fact of scarcity because there are not enough productive resources to satisfy the wants of the people. This brings on a need for making economic decisions.

Economic Understandings

Man has unlimited wants in a world of limited resources. (Productive resources defined in Area III, OVERVIEW.)

As individuals and families we can't have everything we want right now. Our incomes are limited and we have to make choices among alternative ways of spending our limited supply of money.

The income of the consumer may be the determining factor in decision making.

A choice may not indicate that a want has been satisfied. It may indicate that the most satisfying of the alternatives available for the price the consumer can pay has been chosen.

Classroom Applications

Review the work done in first and second grade in the area of scarcity brought about by unlimited wants and scarce productive resources.

At this level the children move into a broader concept of the scarcity of productive resources and a more categorized concept of man's wants and needs.

Let children enter into a simple classification of the goods and services people want and need.

People must have food, clothing, and shelter.
People want goods and services that make work easier.
People want services for health.
People want opportunities for self-improvement.
People want goods and services for fun and entertainment.
People want community goods and services.

Tell some changes in buying that might take place if the family income were increased. Decreased.

For what reason might a family buy a black and white television set when color television was the real family choice?

Economic Understandings (cont'd)

People's wants vary from one period of time to another, from one individual or family to another, and for one reason or another.

This alleviates scarcity to some extent because different productive resources can be used in satisfying their wants.

One way of looking at the cost of satisfying a want is to think in terms of what has to be given up in order to satisfy it.

(Let's assume Ted has $5.00. He wants a football and a camera. Each costs $5.00. If Ted buys the football he gives up the camera. The camera is the opportunity cost of the football. The $5.00 is the money cost.)

Classroom Applications (cont'd)

To further develop the idea that different people want different goods and services, motivate discussion centered on the general question, "Why do different people want different goods and services?"

Questions to point up various reasons might include:

--What are some goods and services people want today that were not available 100 years ago? (availability of product)
--What are some goods available 100 years ago we no longer want? (technological improvements)
--What are some goods or services that are wanted in Alaska that are not wanted in Hawaii? (geographical location)
--What are some goods and services your grandfather and grandmother want that you do not want? (age and sex) (Iowa Supplement for the social studies guides, kindergarten through third grade)

Emphasize the point that because all wants for goods and services cannot be satisfied, choices between alternatives are usually made on the basis of opportunity cost. Which choice got priority?

Individuals and families must choose how to spend time and money.

Communities must decide such issues as tax problems, who the local officials and representatives will be, the type of local government they will have, whether they will have street improvement or a better sewer system.

Classroom Applications (cont'd)

Help the children realize that both opportunity cost and the dollar cost are involved in choices.

Let the children look at the map of Arkansas and try to decide where some special kinds of production would be taking place.

Follow this logical thinking with a simple study of production going on in Arkansas to see if they were right in their logic. Why was the decision to produce certain goods in certain areas made?

To develop the understanding that scarcity has contributed to the historic movements of people, do role playing to show how an early settler might have felt about leaving his home and coming to your community to live. Instead of role playing, let some children who have moved with their families into the community, tell of their own feelings about the move. What were the economic reasons for moving?

Evaluation: Are the children developing the understanding that society depends upon man's ability to make the best use of land, labor, and capital in the production of economic goods?

Do they appreciate the many types of goods and services available to them that were not available to the early settlers of our country?

Do they have some understanding of why they cannot have all of everything they want?

Are they growing in their appreciation of the fact that buying wisely is a consumer skill?

Do they have a conceptual image of opportunity cost in decision making?

Resource suggestions: Economic Education Experiences of Enterprising Teachers, Vol. IV, pp. 1-3 and Vol. V, pp. 15-17.
Developmental Economic Education Program (DEEP), Vol. II, p. 3, Section B and p. 7, Section G.

Area I GRADE IV The Problem of Scarcity

Every economic system faces the basic fact of scarcity because there are not enough productive resources to satisfy the wants of the people. This fact brings on a need for making economic decisions.

Economic Understandings

Since all wants cannot be satisfied, and some wants can be satisfied in different ways, each consumer must make decisions as to which wants he will use scarce resources to satisfy.

One of the most jealously guarded characteristics of the American economy is the fact that it relies on individual economic decisions. This is one of the reasons why it is referred to as a private enterprise system.

The decisions of producers and consumers interacting through the market determine the kind and quantity of goods and services produced.

All goods and services that have a price on them (i.e., have a cost) have been produced with scarce resources.

At this level decisions on what to buy or not buy personally should not be the only point of emphasis. The real decision making goes further than that. It has to do with planning and thinking in terms of opportunity cost and best use of all resources.

--How to spend money for best satisfaction.
--How to spend time with all of the opportunity costs involved, so the more

Classroom Applications

Read fairy tales or wishing stories to illustrate the economic conflict between unlimited wants and limited resources. ("The Fisherman and His Wife" and "The Three Wishes.")

Suggest that children draw pictures of their wishes. Draw all of the items you want. Then suggest that since there is not enough family income to buy all the things they would like to have, they should choose the one item that they want most of all. Make a bulletin board of their "wishes" or "wants" and the one they give priority to.

View the filmstrip "Unlimited Wants--Limited Resources."

Film: "Economics--It's Elementary," James D. Calderwood, Audio-Visual Dept., State Department of Education.

Children should recognize that all people, cities, regions, and nations are faced with the problem of scarcity. What were some of the scarcities the Amazon region or other regions faced according to the particular social studies text?

Do the people of other lands have as many choices of consumer goods as we have?

Economic Understandings (cont'd)

worthwhile things that might bring most satisfaction do not have to be given up.

--How to organize for study and work that will help you to meet more of your wants not only for right now but for the future as well.

--How best to assume home responsibilities that are your share of the division of labor in the home.

These may sound like value decisions, but they are economic decisions that make a difference in the return you and your family will get for the scarce resources you have used--time, money, and human ability.

Classroom Applications (cont'd)

What are some of the scarcities in the hot, dry lands that necessitate decision making? In the cold, wet lands?

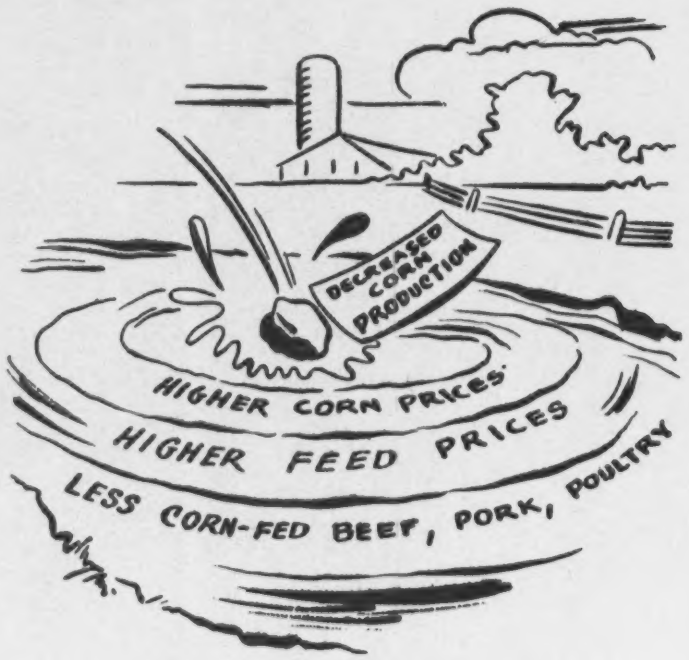
Induce children to recall and list economic decisions that have been made by members of their own family. The term private enterprise system means in part that individuals are free to decide on their own jobs or businesses; buy a new car or refrain from spending the money and put it in savings; buy a house or rent a house; move to a new job or keep the same one; quit work and go back to college for a higher degree or continue on the job.

Review what has been developed in this area at lower grade levels and help children discover and relate many examples that strengthen their understanding that individuals through their decisions at the market determine what will be produced in this country.

Within legal limitations, producers are free to make decisions about how they will compete for the consumers' dollars.

Discuss some of the competitive methods producers use. Remember that these methods are the result of studied decisions which the producer or advertising man is free to make.

Ask the children what would happen if through public announcement all of the people in the whole country were told that every family could have a large color television at no cost, beginning on January 1.



A price is placed on goods and services because the resources with which they are produced are scarce. If any one of the groups of productive resources is scarce, it may limit the use of the other two groups.

If a substitute can be found for one of the scarce resources, the problem may be eliminated or relieved. Let students find examples of substitutes that have been found for scarce raw materials. (Cloth from plastics instead of wool, etc.)

Consider how many human and capital resources would have to be pulled off production of other things to build color televisions. Would this please people for a very long time? Are there some things people would rather have than color television?

Would the country be making best use of its resources? Emphasize the point that what is scarce is productive resources. If they are used for one thing they cannot be used for another.

Are you glad our decisions on what we get are not made in this way?

Suppose the public announcement went a step further and said <u>everything</u> the people wanted would be free for the asking.

How long would our productive resources last--our natural resources, our tools, and even our already almost fully employed human resources?

Fill two small flower boxes with equally rich and productive soil. Plant the seeds in one as close together as possible and do not thin. In the other plant box, plant seeds far enough apart so they have room to grow. Give each box equal water and care.

Land is scarce relative to the number of plants in one box. Watch the results.

These questions are intended to stimulate thinking along the line that you don't try to make wise choices just because somebody thinks

Economic Understandings (cont'd)

Decisions on how to develop these substitutes had to be made by entrepreneurs.

Who were some of them?

Classroom Applications (cont'd)

you should, but because you actually get a return on your wise choices.

Evaluation: Have students learned to think in terms of opportunity cost as well as dollar cost in spending?

Are students aware that mobility of productive resources through our linked-up highways, seaways, and airways has been a big factor in overcoming scarcity? Mobility is used here in the geographic sense only. Mobility in the broader sense means usability.

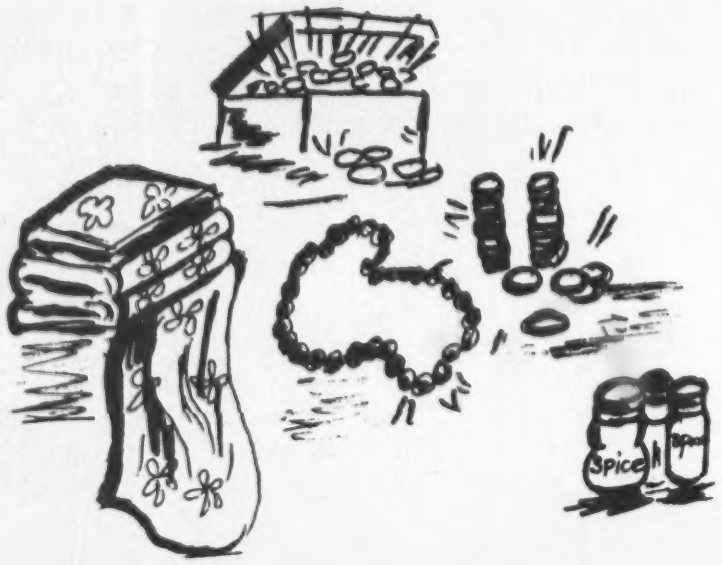
Area I GRADE V The Problem of Scarcity

Every economic system faces the economic fact of scarcity because there are not enough productive resources to satisfy the wants of the people. This brings on a need for making economic decisions.

Economic Understandings

Scarcity is the lack of enough productive resources to satisfy the never-ending wants of the people of the society.

Since the beginning of history, scarcity of productive resources has created a need for decision-making in the alternate uses of resources.



Classroom Applications

The concept of scarcity has already been developed to some extent at lower grade levels and a working vocabulary has been developed.

Let's now apply the problem of scarcity to your social studies textbook units on Exploration, Discovery, and Trade.

Great emphasis is usually placed on the absolute needs of the Europeans for the spices and preservatives. In this need they had few choices to make. They did not know about the alternate wants they were to face until they began to travel to holy places to worship and saw, on their way, beautiful cities, fine clothing, and jewels as well as spices and seasonings. This motivated them to go further away from home to trade.

When they had once begun to trade with the merchants who came from the eastern end of the Mediterranean Sea they were faced with many more decisions on what to trade their own cargo for.

Because trade across the Mediterranean was beginning to show a profit for the Italian seaport businesses they allocated part of their precious resources to organize caravans to travel across Asia to China and bring back things they could sell to the Europeans.

Economic Understandings (cont'd)

The demand for an item designates how much of it people will buy at any given price during any given time period. It usually refers to a particular market. Example: The demand for bread (item) in Sunnyville (market) tomorrow (time period) will be:

Prices	Demand
$.00	no loaves
.20	5,000 loaves
.30	4,000 loaves
.40	2,000 loaves
.50	500 loaves

The supply of an item designates how much of it producers will produce at any given price during any given time period.

Resource suggestion:

Film: The Law of Demand and Supply, No. 1222 Audio-Visual Section, Arkansas State Department of Education.

Classroom Applications (cont'd)

Because of an economic need for Asian goods that would bring a profit in trade with Western merchants, Italian resources were allocated to find less expensive and less dangerous routes to China. (The route to China would be classified as a capital resource in our present classification of productive resources.)

When the Turks conquered the Holy Land and closed the seaports, trade between Europe and Asia almost came to an end, but not quite.

There was now a demand on the part of the Europeans for Eastern goods and a determination on the part of the merchants to supply this demand.

Again, they made the decision to allocate their precious resources--natural, human, and capital--to shipbuilding, schools for sailors, and new navigation instruments (sailors had learned to use the compass) in order to find an all-water route to Asia. "Because," the merchants decided, "it will cost less and be safer, and we will earn more profit."

Read on in the text and see where this economic search for a sea route to the Far East led the explorers and finally how it led to the discovery of America.

Why would a list of wants made in the 1400's not be the same as one made today?

Why were gold and spices expensive? (Point out great demand, limited availability, dangerous trade route risks, poor transportation, lack of navigation instruments.)

Economic Understandings (cont'd)

Scarcity of productive resources forces nations into the same kind of decision making that we have seen in the home, the neighborhood, and the city.

Nations have to choose between alternate possible solutions to the problems or opportunities they face.

In making economic decisions they are faced with:

- --the chance of loss instead of profit.
- --the opportunity cost of using resources that might have been used for other purposes.
- --the question of whether best utility (the want-satisfying power of the good) will be realized from the use of the productive resources.

Classroom Applications (cont'd)

Art Activity: Let three committees draw a mural illustrating

- --the products in great demand
- --the land and sea trade routes
- --the superstitions that some people had about the ocean

Engage the students in role playing or creative writing along these lines:

- --Pretend you were a merchant in the early trading days and describe your overland trips to China.
- --Imagine you are Columbus trying to persuade the King and Queen of Spain to give you ships and supplies for your Eastern route search. Give all of his arguments.

Columbus drove a hard economic bargain with the Queen before he would make the voyage. It is said that her tax collector advised her to take the risk involved and grant the demands of Columbus. Did the risk the Queen took result in profit or loss for Spain?

(Did this early trade activity make use of money or did the traders barter?)

The same desires for wealth, fame, and power motivated further exploration. As you study the voyages of Cabot, Magellan, Balboa, Cartier, and others, develop an awareness of the economic drives behind the explorations, the economic problem of securing sufficient funds for the ventures, and the opportunity costs they and their financial backers faced in making the decision to attempt the explorations.

Classroom Applications (cont'd)

In order to get a broad view of the economic activities of the early explorers, make a chart of the English, Spanish, French, and Dutch explorers. List in the following columns:

--Resources for which they were searching
--Resources used up in the searches
--Resources found which were profitable
--Satisfying substitutes for resources they did not find

In setting up periods of history for study, look at the period of decision making that preceded each change that took place.

Resource suggestion: Douglass C. North, "Decisions That Faced the New Nation," Economic Forces in American History, Scott, Foresman and Company.

Evaluation: Has the study strengthened the understanding that it is resources that are scarce? Are students beginning to understand that much that has gone on in history has been motivated by the need for more productive resources?

Area I | GRADE VI | The Problem of Scarcity

Every economic system faces the economic fact of scarcity because there are not enough productive resources to satisfy the wants of the people. This creates a need for making economic decisions.

Economic Understandings

The term scarcity means that man's wants and needs are greater than the goods and services available to satisfy them.

If we look at the components of goods and services we will understand that it is these components that are scarce, and that some of man's wants are really for these components.

Man wants land; he wants capital; he wants leadership and ingenuity, but only as they figure in the process of satisfying his wants and needs for material and esthetic goods and services.

Scarcity has always existed in the world since the beginning of civilization.

Our scarce productive resources are:

1. natural resources
2. human resources
3. capital resources

A nation's most important resource is its people because man's creative mind has developed the capital resources necessary to use his natural resources in order to satisfy his needs and wants.

Classroom Applications

Why did the abundance of natural resources in ancient Sumer and Egypt encourage the development of civilization? (Discuss the fact that as long as man has a plentiful supply of natural resources he can spend less time supplying his basic needs and has more time to develop capital--in this case tools and weapons.)

Define and discuss the word resources. Enlarge your discussion to include the mobility of resources. Remember mobility means usability, not just geographically speaking. Include both geographic and "use" mobility in this discussion. Which ones are mobile; which are immobile? How does this affect production? What does technology have to do with mobility? Education?

At the beginning of the school year, begin a time line showing man's economic and technological progress.

Draw or display a collection of early civilization's capital: tools, weapons, and items used for money. Watch how they improve as time goes on.

Explain (or review) the principle of opportunity cost. (For example, you might say that land used for grazing purposes could not be used for crops. So the opportunity cost in this case would be the

Economic Understandings (cont'd)

The entrepreneur is the person who brings together the productive resources and takes a financial risk in order to produce.

Resources used for one purpose cannot be used for another. This is the principle of opportunity cost and it is very important in our decision making today.

The natural resources of a region or country determines how its people satisfy their basic needs for food, clothing, and shelter.

Classroom Applications (cont'd)

crops.) Apply this principle to decisions made individually, and by the local, state, or national government.

As you introduce and study each new region during the year, relate the natural resources to basic needs. You might want to construct a chart showing the differences. Group by areas or regions, not countries.

Name of Region (Example--Northern Europe)

Natural Resources	Foods	Clothing	Shelter

Activities have been cut short because this has been dealt with adequately through all of the lower grades. Teachers should review what has been done at different levels, and make use of the regular curriculum materials to develop this understanding.

Evaluation: Do the students understand that what are scarce are the factors of production out of which goods and services are made?

Are they beginning to understand why choices must continually be made among alternative ways of using resources? "If I buy the record I must give up the sweater I wanted." "If I grow cotton on the land, I can't grow soybeans." "I wonder, oh, I wonder, which will bring the higher price at the market next fall."

Are the students far enough along in their understanding of economic activities to know the real meaning of "economizing?"

Would the students be able to discuss, with meaning, the opportunity cost of the Vietnam war? Or the space program?

The economic goals of the nation, which have changed over the years and have been arrived at by the voice of the people through their past political and economic decisions, should be known and understood by the elementary teacher as students are helped to determine what the goals of democracy should be.

- Economic growth--a rising standard of living brought about by increasing the output of goods and services faster than the population is increasing.
- Economic stability--avoiding inflation and depressions, with continued growth at a satisfactory rate.
- Economic security--protecting ourselves from such economic hazards as unemployment, loss of savings, income, or capital through bank failures and other causes.
- Economic justice--protecting ourselves from exploitation and other forms of unfair treatment.
- Economic freedom--preserving our individual freedoms, economic as well as political. (DEEP, Part II)

Definitions of the goals should not be drummed into the minds of the student as memorized facts. Rather this time should be spent on ways of resolving conflicts that arise in any area of relationships whether or not they are economic by nature, and developing conceptual understanding of the terms in other settings. The goals listed and defined here are for the benefit of the teacher as plans are made at a particular level. At such a time as experience in reasoning has prepared the students to find something concrete in conflict, the goals will begin to make sense.

We see in looking at the steps in analytical thinking (Area IX) that we must first define the problem. We must state exactly what we hope to achieve. This had to be decided on before plans could be made for reaching the goal.

Now we find the same thing holds true for a nation. The solutions of the economic problems a nation faces are directed largely by the nation's goals. Our goals since 1946 have been listed as freedom, justice, growth, stability, and security. Just as you or your father want the freedom to choose your own occupation or jobs or way of making a living, so the nation tries to insure this freedom to all people.

Just as individuals want to be treated with justice and fairness at play or at work, so the nation wants to insure justice for everybody. Just as a father wants a useful job with some hope

of promotions that will allow the family to enjoy a rising standard of living, a nicer home, some luxuries, vacation trips, and so forth, so the nation tries to promote the steady growth of the economy in relation to population increase so all people can enjoy good living conditions.

This kind of growth can take place in a country like ours, rich in resources, through the use of specialization and technology. In fact we have been meeting the goal of growth fairly well for some time, but have had difficulty with the goal of stability.

Many families try to put aside some money in savings, take out insurance, buy a home, or prepare in some way so the family will continue to have income if the person who is earning income gets sick or loses a job. In the same way the nation tries to provide income for people by trying to prevent unemployment, discrimination, and on-the-job accidents, and through social security benefits and other transfer payments. It is not possible to reach all of these goals to the full satisfaction of all people. We have done very well as a nation in reaching the goals of growth and stability, at least relative to most other nations, and to a large extent, security, but our real effort must now be in the direction of freedom and justice.

Freedom for one person may not seem to be fair or just for another.

We have many choices to make in reaching goals. There will always be conflicts between people who think different ones of the goals should be given priority. We have to learn to make our own decisions about what is right, so we go right back to our problem-solving method of decision making, knowing that the decisions that represent the majority of the people will be the ones we have to accept and live with. Adult citizens have to learn to give a little, take a little, to reach these goals. We have been learning to do that as we settle differences in school and on the playground, and through analyzing problems man has faced all through history. So we should be better prepared to find ways to reach these goals of freedom and justice.

In some countries people do not have the right to set their own goals. Which of the goals listed does a school try to reach? How?

Some individuals and some countries have unfair advantage in competition as will be seen in the study of the nations of the world, including our own.

The goals listed were not set by the government alone. Voters, including your parents, elected the people who favored these goals. Would you change any of them if you could? Has the United States always had all of these goals? Why?

Exactly how were they decided on? How do you think they will be reached?

The economic goals of our economic system have changed over the years and have been arrived at by the voice of the people through their past political and economic decisions.

Economic Understandings

Neither the establishment, recognition, nor attainment of the economic goals of growth, stability, freedom, justice, and security can be arrived at through direct teaching.

They will best be approached through the delicate process of guiding children from a very early age to a sensitiveness of the needs for such goals.

Such guidance will be effective to the extent that the children's experiences are the kind that modify and enrich their feelings and attitudes.

Very young children can observe with understanding the importance of community growth or lack of growth.

Families need money to buy the goods and services the family needs. In most families one or both of the parents earn this money by having a job or profession.

If a community or city does not grow and improve it cannot provide jobs for these parents or draw new people who want jobs into the community.

Classroom Applications

Although no mention should be made of economic goals as such at this level, the teacher should take advantage of every opportunity that presents itself to unfold gradually an understanding of goals and the reasons for setting goals.

When children are helped to experience the feeling that comes from using time, ability, energy, and money in some way that brings satisfaction, they are only a step away from seeing a need for goals.

Would Timmy rather waste the paint or make something beautiful? Would Nina rather be late at school or be there and help start the day?

We have five minutes more of the day before we go home. Think about what you would like to get done tomorrow, and tell us in the morning what your goal for the day is.

Take a walk or a bus ride or build a table model showing new houses, new businesses, new highways, or maybe a new wing on a school--all indications of physical growth in the city or community.

Reference: Economic Education Experiences of Enterprising Teachers, 1965-66, pp. 13-15.

Economic Understandings (cont'd)

Families who move in and out of school areas have the freedom to do so because we have the freedom in this country to buy and sell property, to seek new jobs, to work for promotion, to move for health reasons, or to get a nicer house. (Freedom of choice)

The goal of economic justice indicates a desire to protect ourselves from exploitation and other forms of unfair treatment.

It is important to distinguish between unfair treatment and treatment that is unpleasant because it interferes with what is being done.

Economic freedom means the right to preserve individual freedoms, economic as well as political.

It is important to help children discover the many freedoms they have, most of which are embodied in freedom of choice, but it is also important that they discover that there are limits to freedom which must be respected.

Classroom Applications (cont'd)

If the community is not growing what evidence will you see?

Why did the new child's family move here? If a new business is being started, what will the new business do for the community?

Provide jobs?
Bring more new families into the community?
Create a need for more classrooms and teachers?
Enable the grocer to sell more food?

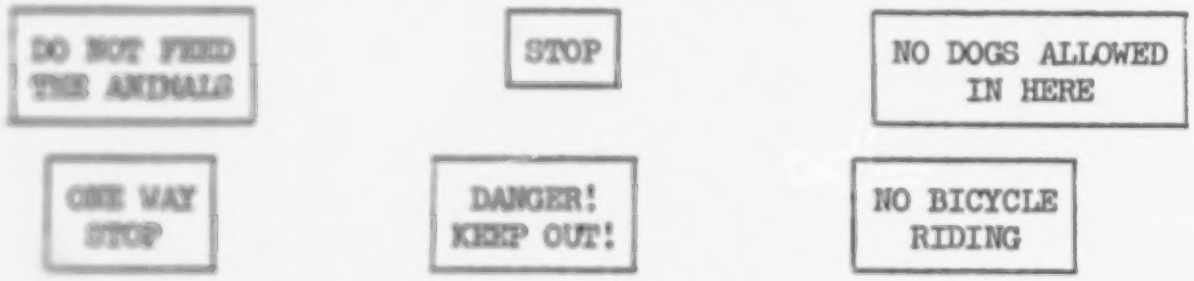
Encourage children to think of other benefits.

Why did Nancy's family move away?
Would her family's moving cause a reverse of the above?
Would it cause people to be without jobs?
Has this happened to the children's own families when a plant moved or went out of business?

Take time to help children learn from the daily conflicts that arise that it is not always possible to say what is right or just for everybody concerned in the argument. Stress the fact that you are trying to be fair to both sides.

Suggest that they set a goal of trying "to give a little, take a little," when trouble starts on the playground.

Draw and paste familiar signs such as:



Why are these signs posted? What would happen if nobody obeys them? Should people have the freedom to disobey the rules if they like? Why?

Incidents on the playground or in the room can be used for discussing and finding out how far any child's freedom extends.

Should John take Mary's crayons?
Does Harry keep Jack from playing the game?
Will Judy take Cathy's lunch money?
What about borrowing consistently?
What do we do with the bully?
Consider the trouble maker. Maybe he can realize that he is being unfair with schoolmates because he has less freedom in other places.

Analyse all of these problems as they occur with the children without exploiting any individual. (This is justice, too.)

Evaluation: Are the children awakening to some limited extent to the fact that they can have choices in their own goals?

Are the children showing any outward signs of thinking or planning ahead before they act?

Is the community becoming their community?

Evaluation (cont'd)

Are they sensitive to new building and activities?

Are the children establishing work habits and play habits that promote justice and fair play?

The economic goals of our economic system have changed over the years and have been arrived at by the voice of the people through their past political and economic decisions.

Economic Understandings

Goals have been defined in Area II, OVERVIEW.

In this study goals are things people hope for so much that they work for them in a planned way.

Individuals are free to set their own goals and try to reach them in their own way as long as the way of attainment does not conflict too much with the rights of other people.

Families have goals. The attainment of the goals may depend to some extent on the income earning ability of the family workers and their ability to make wise economic decisions.

The goals may include:

--having a job that provides for family needs
--having a nice place to live
--providing for an education for family members, fitted to their own needs and goals
--doing things that help the community they live in to grow and be a better place
--doing things that help to make life better and happier for other people

Understanding of the national goals of stability, growth, security, freedom, and justice (defined in Area II OVERVIEW) and acceptance of personal responsibility for them is the

Classroom Applications

Help children to gain a conceptual image of:

goals hopes effort

justice freedom

security protection confidence

Induce children to talk about goals they have or might set for themselves. These may include such things as good grades in school, a perfect attendance record, a certain occupation when they are older, or helping to make home a happier place.

To help children discover that the achievement of any one of these, or other goals, requires planning, effort, stick-to-itiveness, let them tell what they are doing or how their actions have changed because they have these goals.

Take a walk or visit a new factory or business and discover how such growth contributes to the realization of the family goals (jobs, income, new leadership).

Review the work done in this area at the lower level, and expand on signs of growth.

Take advantage of the daily conflicts that arise between children and groups of children to help them discover that freedom for one person is not always justice for another.

Economic Understandings (cont'd)

long-range purpose of this area of understanding. The emphasis at this level should be on elementary experiences in subordinating lesser goals for greater goals. The attainment of the national goals of freedom and justice for everybody will depend almost entirely on individual attitudes and actions.

Freedom and justice for everybody are two of our national goals, but we can't reach them unless we understand them and work toward them.

What is freedom for one person is not always justice for another person.

Classroom Applications (cont'd)

Help children meet these conflicts as they arise and show them how to work together on ways of solving them as fairly as possible.

Help children to establish some goals that deal with self-discipline, justice, freedom, and security--security, not in the physical sense altogether, but in patterns of behavior such as arriving at school on time, trying to get along with people, planning ahead, saving part of an allowance for unexpected wants such as lunch money if parents are not around, establishing a close relationship with the teacher so somebody will be around to confide in.

Emphasize the importance of knowing what to do if a ride is missed or a parent doesn't arrive at school on time.

Develop consideration for others as a basis for understanding later why the goals a nation sets for itself are important.

Develop awareness of the need for planning ahead to meet goals.

Evaluation: Are children awakening to the fact that they can have choices in goals?

Are they showing signs of change in patterns of behavior as a result of the goals that deal with self-discipline?

The economic goals of our economic system have changed over the years and have been arrived at by the voice of the people through their past political and economic decisions.

Because the concepts and understandings to be developed are complex and will have different degrees of meaning for pupils at this level, the list of economic understandings has been omitted and the space given to a broad scope of activities designed to stimulate interest in and awareness of the goals of our American economy. Awareness of the goals of our economy will best come to children at this level by using the school to represent a democracy.

The goals are listed and defined in the Area II OVERVIEW.

Classroom Applications

Develop conceptual understanding of goals by setting up some standards for the classroom:

--We will consider the rights and feelings of others.
--We will show good sportsmanship on the playground.
--We will use inside voices while we are in the building.
--We will try not to interfere with work that is going on.
--We will respect private and public ownership.

The following activities will lead to some understanding of some of our national goals, but more important at this age they may lead to awareness of the needs for personal goals.

Growth is measured by the increased number of goods produced, the quality of the goods, and the variety. In the light of this rule of measurement, do the answers to the following questions indicate growth?

Read stories of schools of long ago. Compare with schools of today by discussing such questions as:

--In what ways are schools of today more comfortable? (seating, lighting, heating)
--What learning materials do we have today that were not available for the early pioneers of our area?

Classroom Applications (cont'd)

--What has had to take place before this kind of growth could materialize?
--Do you think our schools of today could be improved? How?
--What has happened in our community that makes a larger school building necessary?
--Can you see reasons why this growth has occurred? (inventions, discoveries, new machines, skilled labor, changes in wants and needs, mobility of people and resources)

At the conclusion of these exercises, lead the children in understanding that just as our school is a small democracy, the United States is a big democracy with standards to live by and goals to attain.

Look at the fourth grade unit "The Urban Community." A discussion of the chart in this unit will show how important growth is to a city and to the individual people who live in the city.

Plan with the children to invite an "old timer" of the community to tell how much scarcer jobs that paid income were in his youth when there was very little economic growth.

Security. To develop the idea of security as a national goal, discuss such questions as:

--What happens if your father gets hurt on the job and cannot work?
--Can you think of people who earn no income?
--Discuss reasons people might not be working.

Age	Job discontinued
Sickness	Too many people trained for the same job
Accident	Lack of skill for available jobs
Strike	Plant shut down

Note that just as parents help their families in times of need, people sometimes get help from other people through their government.

Freedom. To point up the problem of the conflict in trying to provide freedom for all, discuss the ways in which change may not be desirable for all people.

--Machines make work easier but they may take the jobs of some people.
--New highways take traffic away from roadside businesses.
--Houses may be moved to make room for business firms or a new library.

Re-emphasize that what is freedom for one may not be freedom for others and our nation must plan how to give the most freedom to the most people.

Classroom Applications (cont'd)

Ask children to write stories and make illustrations about the kind of school they would like to attend.

Security. To continue our discussion of schools, if our building should be destroyed in some way, would we just quit going to school? How are our homes and schools usually protected against such hazards? (insurance)

In what ways other than insurance might your parents try to provide security for their families? (savings, buying a home, etc.)

Let children choose readers to prepare for audience reading, My Mother's House, by Ann Nolan Clark. Note the feeling of security evident in the poem.

Freedom. Challenge the children with a problem such as: Suppose when we go out for our ball game today, the sixth graders have our field?

--What would you ask them to do?
--Do you think that would be fair?
--Suppose they say the parents are setting up booths in their area for the school carnival; is that fair for the sixth graders?
--Are the parents unfair in using the sixth grade field to raise extra money for all the children?

Don't assume "right" answers; let the children present their arguments before deciding.

Justice. To introduce the idea of justice, ask:

--Do you think it is fair for the principal, the teachers, and the custodians to be paid for their services?
--Do you think they are all paid the same amount of income? Is this fair?
--Give reasons for your answers. (Elicit greater responsibility of principal, more training required for teacher than custodian. Note that all are important.)

To further develop the goal of justice, ask two children of equal size and strength to come to the front of the room and "Indian wrestle." Just as they begin, ask a third child to come and help one by exerting pressure on his opponent's arm. The children will most likely need no prompting to say this is unfair. (Sometimes nations, as well as individuals, have unfair advantage.)

Evaluation: Are the children beginning to realize that goals must be set before they can be reached?

Have they engaged in enough experiences or activities to begin to have a conceptual understanding of the terms security, justice, freedom, and growth?

Do they show evidence that they are becoming aware of the qualities of freedom and justice?

The economic goals of our economic system have changed over the years and have been arrived at by the voice of the people through their past political and economic decisions.

Economic Understandings

While the naming and defining of the goals of our nation may sound awesome at first glance, there is probably no area of economics that has more meaning for children.

The goals have been named:
--Growth (this goal will be emphasized at this level)
--Stability
--Security
--Freedom
--Justice

Economic growth means that goods and services are being produced at a faster rate than the population is growing. It would not make any difference how much a nation produces if the population grew at the same rate. There would still not be any more for any one person.

We all want to live better each year. That is what we mean by a higher standard of living.

Economic growth is not the same as physical growth. Physical growth of a city usually accompanies economic growth. Economic growth is not measured by increased size or more people. It is measured by the amount of goods and services available to consumers

Classroom Applications

When the meaning of national growth has been explained to the class, it may clarify their thinking to use the school in a growing area as an example.

Norwood School is located in a growing community. It is near some big new industries that are employing many new people.

Last year Norwood School became very crowded. There were as many as 35 children in some rooms. The school board built six new classrooms. What was their surprise when the school was still crowded when school opened this year, even with the six new rooms.

What had happened?

The population of Norwood had grown as fast as the school building had grown, so the rooms were still crowded.

Do you see why one of the goals of the nation is to produce goods and services people want faster than the population increases?

Let's look at what this means to us. It means that we have more choices of consumer goods and that in order to have these choices we also have an abundance of raw materials,

Economic Understandings (cont'd)

and the variety and quality of goods. Remember there will not be as many goods and services available to each individual if the population has grown faster than production.

Although they are not usually mentioned in textbook analysis it should be emphasized here that there are "non-economic goods" that are vital to the understanding of growth.

Important "goods" such as love, happiness, leisure time, and others that have no price; that aren't bought and sold or counted in growth figures, are also recognized as an important part of growth. They just can't be measured very well.

The approach to directing children to some understanding of the goals of security, justice, and freedom has been demonstrated at lower grade levels.

The goal of economic stability, which means the nation will try to prevent unemployment, depressions, and inflation, will be introduced at fifth grade level in connection with the beginning of the Federal Reserve System.

However, it is well within the grasp of fourth graders and should be dealt with as opportunity arises.

Classroom Applications (cont'd)

skilled workers, good tools and machines, entrepreneurs, good government, and a culture that encourages production for consumption.

Let the class discuss how each one of the above factors has influenced the differences in our standard of living today and long ago, and the differences in standards of living throughout the world today.

All of these factors add up to high productivity.

If we could compare the many choices of consumer goods we have in this country with the choices people have in countries where growth is not taking place, we could appreciate the growth of this country.

To show how growth takes place in a country that extends its resources through specialization and technology, make a pictorial display showing how many hours it takes workers in different parts of the world to produce certain goods and services. (See World Almanac for data.)

This efficient use of productive resources puts more goods and services within the price reach of the masses of people and tends to raise the standard of living.

We have been talking about national growth. A growing city also provides consumers with more choices of goods and a greater variety and quality of goods. See the Unit, "The Urban Community," at the end of this Area II, for a more graphic picture of a growing city.

Evaluation: Are children beginning to understand that production growth must stay ahead of population growth if a nation is to maintain and raise its standard of living?

Unit of Study GRADE IV The Urban Community

As children work through the developmental recognition and appreciation of the way in which the family meets certain basic needs and responsibilities (Level I), the interplay of productive resources and specialization in production (Level II), and the way in which people work together in their own community (Level III), their interest moves on to the expanding urban community or city.

Emphasis continues to be placed on:

1. The physical structure of the community,
2. The social structure of the community,
3. The economic structure of the community.

Content

An urban community is an orderly arrangement of buildings laid out on a given area of land in which people live and work. The primary purpose of a city is to serve as a good place to live--it is for people. People are becoming more and more dependent upon each other and should learn to live together and work toward goals of common interest. If an urban community is to satisfy the needs and wants of people and become a nice place in which to live, it must develop equally its physical arrangement (city planning); its social, cultural, and educational environment; and its economic opportunities (jobs, job training, available capital, job protection, and stable government).

The social structure of an urban community will be built around all of the people and what they do. The people will be working, shopping, playing, attending school, building homes, and raising families. They will be satisfying their wants and needs. But remember, they cannot do these things unless the economic structure of the city is strong.

The urban community must provide jobs so these families will have an income to buy the basic needs and the other things they want. The amount of income the people earn will determine what they buy, how much they buy, and the quality of what they buy.

The economic structure must provide markets. If it provides markets, it must help provide good transportation and communication to these markets. It must provide land for business and industry and opportunities for people who do not work for wages or salaries to earn a profit for their efforts.

The physical structure will depend upon urban community interest and the local government administration. It will provide for good streets, named and numbered, for zoning regulations to protect property, beautification, and opportunities for social living. It must also provide for expansion.

Activities

Divide the room into three main committees, one for each structural part of the city. Elect a chairman for each group.

I. Social Structure
   A. Let the chairman appoint committees to get as much factual information as possible about what the urban community which is to be studied affords in each of these areas.

   B. Select one committee of people who write and compose letters well to write to the Chamber of Commerce of the urban community that is to be studied for a kit of information to be shared by all three of the groups.

   C. Select another committee to find out why the urban community was started at this location in the first place.

      1. Was it started by a company of people or a few individuals?
      2. How did the people make a living at first?
      3. If it is on a river how was water force used?

   D. Select one committee to find out what the residential pattern of the urban community is.

   E. Another may find out what the shopping pattern is.

      1. Are all of the big stores downtown?
      2. Do they have branches near residential centers?
      3. Are the centers one-stop centers where all kinds of markets are located?
      4. Is there a cultural center?
      5. What cultural opportunities does the city afford?
      6. Is there a good library?

F. The same committee that explores this may find out what schools and colleges are located in the urban community.

1. Are there grade schools and recreational centers near the different residential centers?
2. Can the church of one's choice probably be found?

G. When all of this information from all sources has been collected, select a committee of artistic children to arrange a very large bulletin board reflecting the information. Different children who gathered information will explain it fully.

II. Economic Structure

A. Follow the same plan as the social committee followed in obtaining information.

B. Let the committee of artists make a big chart placing the largest businesses and industries of the urban community in the center of the page. Around the center show the results of business and manufacturing activities on the rest of the urban community. (The chart included may be used as a model for showing the place of financial institutions in growth.)

III. Physical Structure

The physical structure of an urban community depends upon the local government and the cooperation and support the people give to the planning commission or committee. It may depend on whether or not the city has such a commission. Does your city have either a planning commission or is this left to the mayor and city council?

Let one committee find out what form of government the urban community has.

Is it city manager, mayor and council, or some other?

Unless this part of the urban community is strong, it is not likely that the other parts will be. (Economic growth depends to some extent upon the kind of government.) This part of the structure will provide such community services as: clean streets, numbered houses, health centers, hospitals, welfare, public safety, schools, libraries, recreation, public transportation, and public utilities.

Concluding Statement

If these three structures--the social structure, the economic structure, and the governmental structure--work together to build an urban community where people would like to live, the urban

community is still not complete. It must depend upon trade with other communities and countries for some of the goods and services it needs, and for markets for the goods and services it produces beyond what the city needs.

Resources

Films: (Arkansas State Department of Education, Audio-Visual Section)

It Takes Everybody to Make This Land, No. 356
A United States Community and Its Citizens, No. 310

Books:

Barrows, Parker, Sorensen. Our Big World. Silver Burdett Company.
Carpenter. Children of Our World. American Book Company.
Hanna, Hoyt, and Kohn. In City, Town, and Country. Scott, Foresman and Company.
Hanna and Kohn. Cross-Country. Scott, Foresman and Company.
Hanna, Wise, Kohn, and Lively. In All Our States. Scott, Foresman and Company.
Krug and Quillen. Citizens Now. Scott, Foresman and Company.
Moore, Lewis, Painter, and Carpenter. Building Our Communities. Charles Scribner's Sons.
Pierce and Georgas. The Community Where You Live. Allyn and Bacon, Inc.
Your People and Mine. Tiegs-Adams Series, Ginn and Company.

Increased Payroll Benefits

NICE HOMES

CLEAN SURROUNDINGS

HOSPITALS

SERVICE CLUBS

COMMUNITY PROJECTS

RECREATION FACILITIES

CITY BEAUTIFICATION

MARKETS FOR GOODS AND SERVICES

GOOD MARKETS FOR CONSUMER SHOPPING

Tax Increase Benefits

SCHOOLS

STREETS

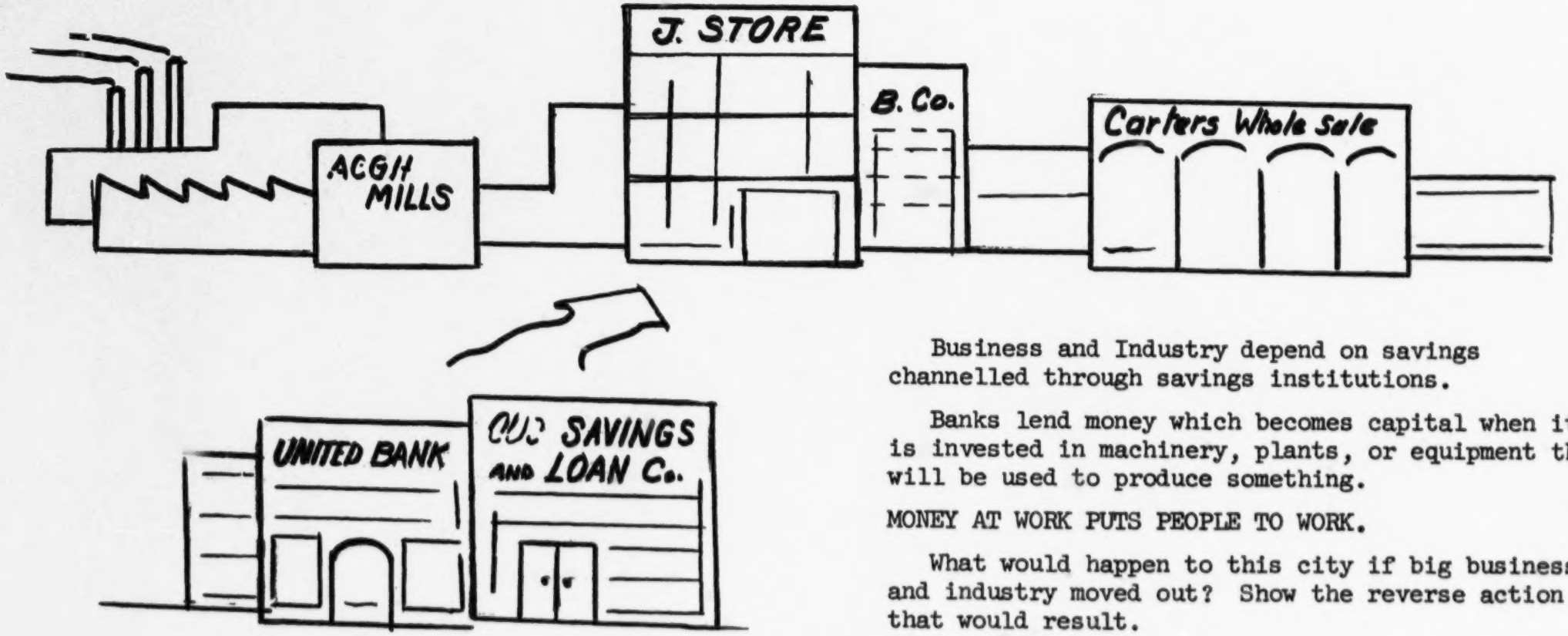
PROTECTION

PARKS

LIBRARIES

HEALTH SERVICES

SEWER/SANITATION



Business and Industry depend on savings channelled through savings institutions.

Banks lend money which becomes capital when it is invested in machinery, plants, or equipment that will be used to produce something.

MONEY AT WORK PUTS PEOPLE TO WORK.

What would happen to this city if big business and industry moved out? Show the reverse action that would result.

Area II	GRADE V	Economic Goals

The economic goals of our economic system have changed over the years and have been arrived at by the voice of the people through their past political and economic decisions.

Economic Understandings

The economic goals of the nation, which have changed over the years and have been arrived at by the voice of the people should be known and understood by the elementary teacher as she tries to help students determine what the goals of a democracy should be.

Read the explanation of the goals given in the OVERVIEW.

Freedom, Justice, Growth, Stability, and Security are personal as well as national goals. Americans want the freedom to choose their own occupations. Each individual wants to be treated with justice and fairness at work or play.

The nation tries to insure justice and fairness--political, economic, social, and personal--for everybody.

Goals held by the majority of the people become national goals in a democratic society.

Goals cannot be defined in a very precise way, and that is not the purpose of this area of study. Through identification of action designed to reach the goals, students should discover the meanings of the goals and their consistency with the spirit of democracy.

Classroom Applications

The approach to the discovery of why the nation needs the particular goals we have decided on has had limited attention at the lower levels.

Review the understandings and applications and keep in mind that concepts developed at this level are but stepping stones to expanded understanding at more advanced levels.

It is well to keep this discussion within the framework of the social studies curriculum and within the academic range of the particular class.

--Economic security
--Economic justice
--Economic freedom

These three goals are tied very closely together.

To secure for all Americans a rising standard of living through the opportunity to earn income, the Federal government is committed to a policy which seeks to provide maximum employment, production, and purchasing power.

--What does the government do to enable more Americans to hold jobs, particularly people who have no saleable skill, or whose way of earning a living has been terminated because of automation, or because of a change in consumer demand?

Economic Understandings (cont'd)

In the simplest way possible these explanations have been listed for teachers:

Economic Growth--A rising standard of living;
Economic Stability--Avoidance of depression and inflation
Economic Security--Protection from loss of income
Economic Justice--Protection from unfair treatment and exploitation
Economic Freedom--Preservation of individual economic and social freedoms

The goals of Growth and Stability are closely related in that the goal of the nation is to promote growth without affecting the stability of the economy, i.e., without causing periods of depression, inflation, and unemployment. (Depression and inflation are defined and illustrated in Area II, GRADE VI.)

The Federal Reserve Act which was enacted into law in December, 1913, during Woodrow Wilson's term of office as president, was passed, among other reasons, for the purpose of preventing or lessening periods of inflation and depression.

Classroom Applications (cont'd)

--What are some federal projects that seek to help provide maximum employment?
--Why do Americans feel that the government should help people who are unemployed--the aged, the sick, the unemployables, and those who are temporarily out of work?

Invite an advanced high school student or a local lawyer to explain the Employment Act of 1946.

How do you think the goal of a rising standard of living is related to the civil rights movement?
--What are some steps that have been taken by the Federal Government to insure the right to work to all regardless of sex, race, or religion?

Investigate the extent to which private industry is cooperating in this.

How does the federal income tax help to redistribute income?

--Economic Growth
--Economic Stability

Review the suggestions relative to economic growth in Area II, GRADE IV.

Before we look at one of the ways in which the nation tries to prevent instability, let's look at a cause of instability in terms that should not be hard for you to understand if you go to the Flow Chart, Area VI.

Economic instability is caused primarily by a change in the level of output, income, and employment in the whole country.

There are four groups of buyers that will be referred to all through the Guide. They are listed as: household consumers, business, government, and foreigners.

To see what happens that causes instability, let's play a game.

Divide the room into four different groups to represent the above consumers. Place about 2 per cent of the children in a row called foreign buyers (usually large mass-production items), about 15 per cent in rows called business buyers (usually tools and equipment), about 20 per cent in rows called government buyers, and the others in rows called household consumer buyers.

On a table in the front of the room, place a box labeled "GNP 1967." In the box, place cutout pictures of the things these different groups would probably buy.

As a child holds up an article from the box, let somebody from the group that would want it call for it.

By pre-arrangement, let the consumers fail to buy the big automobiles and the color televisions.

The selling period represents the end of the year.

As you can see the country is left with a large stock of big automobiles which early indications had shown would be very popular, and color televisions that consumers did not take to.

The consumer's wants and thus his demands have changed, unexpectedly.

What will this do to production the next year? If the good is not selling, the producer will have to lay off workers; their incomes will stop, and they can't buy as many goods and services, so to some extent, the economy goes into reverse (just as we saw happen in the Urban Community Unit of study, Area II, GRADE IV), and this sort of thing multiplied over and over causes instability.

If the consumer demand had remained stable, the stability of the economy would have remained in a more or less stable condition. If the consumers had bought all of the goods produced, the producer could have moved on into the next year's production without laying people off their jobs and maybe adding new jobs because of increased population demands.

Classroom Applications (cont'd)

Your text may offer some discussion of the Federal Reserve Act and the panics and periods of inflation in history that led to its enactment. Help the students to understand that the Federal Reserve Bank is a bank for bankers, and that it does not deal directly with individuals. However, it provides many services for member banks through which, in turn, it affects the welfare of the individual.

Briefly, the Federal Reserve Bank holds part of the member banks' money in reserve so individual banks can be supported in time of temporary difficulty; they can raise or lower discount (interest) rates to decrease the threat of depression or inflation, and they make it easier to move money from one market to another or from one part of the country to another.

Make use of the free or relatively inexpensive materials on this subject through your local bank. The Junior Section of the Arkansas Bankers Association has volunteered representatives to assist teachers in this area of study.

Resource suggestions: Pamphlet, Your Money and the Federal Reserve System.
Film, The Federal Reserve System, a 16 mm sound film which gives a brief history of the Federal Reserve System and its place in the economy of the country as a whole (22 minutes).
Both are available from all Federal Reserve Banks.

Book: Calderwood, James D., and Fersh, George L. Economics in Action, "Economic Goals and Economic Policies." Macmillan Company.

Evaluation: Technological advances have resulted in a need for such rapid changes in goals that a cultural lag has been created that makes universal acceptance and realization of the goals difficult at times.

Are the students beginning to realize that government and private agencies are trying to provide a balance between the establishment of the needs for the goals and the implementation for realizing the goals? Do they accept the fact that the cultural lag is in part responsible for some of the difficult social and economic problems we are facing?

The economic goals of our economic system have changed over the years and have been arrived at by the voice of the people through their past political and economic decisions.

Economic Understandings

As has been stated before, the general direction the economy of a nation takes is decided by the goals of the nation which are set by the voice of the people.

The approach to discovering the need for goals and the particular goals that have been established has been dealt with to some extent at each level.

At this level expanded understanding of the goals of growth and stability will be within the conceptual reach of the students.

Growth--A nation's standard of living is directly related to its productiveness (output grows faster than population).

Increased production per capita results in economic growth, and it is only in increased production per capita that a nation can raise its standard of living.

Whether the economy is growing or not is reflected in the Gross National Product (GNP) defined in Area V. If this measuring device shows that the total dollar value of goods and services produced this year is higher than that produced last year, there is evidence of overall growth, and if it exceeds the population growth there is economic growth per capita.

Classroom Applications

Define and discuss what we mean by standard of living. Whether or not the standard of living of individuals has risen will depend on how much and the quality of the goods and services they have been able to buy.

Stress that the improved standard of living is considered on an average basis since there are different standards of living within each country. Be sure that the child understands that this increased standard also means there has been an increase in our public goods and services also.

(As an extra challenge, you might want to explain the difference in a fiscal and calendar year. Fiscal year from July 1 to June 30.)

Write the formula: C + I + (X-M) = GNP (Consumer Spending plus Investment Spending plus Government Spending plus Net Foreign Spending equals Gross National Product) on the board. Explain that these areas when totaled will result in our GNP. Relate these areas to the flow chart if you have one drawn. This will strengthen the child's realization of the consumer, industry, and government, and how they are interdependent. Using the World Almanac, make a bar graph showing the amount spent in the different areas. Let the child realize the importance of consumer demand in our country since this bar will be larger than the others, and since it directly affects the stability of the economy.

Economic Understandings (cont'd)

Stability--The goal of stability which the nation hopes to reach would mean that the economy is growing fast enough to maintain an increasing standard of living for the people (growth), and that it is not threatened by spells of inflation and depression.

Inflation or depression are a threat to a stable economy.

Inflation results from too much money (demand) in circulation compared to the goods and services available (supply).

Depression results from an oversupply of goods and services and an insufficient supply of money.

A stable economy is the result of balance between the money supply and goods and services, and this stable economy is one of the nation's goals.

Review causes of instability in Area II, GRADE V.

Technological advances have sometimes resulted in changes coming so rapidly that the stability of the nation has been affected. When it is possible change should be anticipated and evolved as gradually and intelligently as is practical.

Classroom Applications (cont'd)

C	+	I	+	G	+	(X-M)	=	GNP
Consumer Spending	+	Investment Spending	+	Government Spending	+	Net Foreign Spending	=	Gross National Product

Make large charts showing dollar bills (toy money can be used) chasing consumer goods (ice boxes, furniture, food, etc.) which represents inflation, and another chart showing consumer goods chasing dollars, which indicates depression.

Discuss ways in which we are trying:
- --to eliminate inflation
  - --the Federal Reserve can act to limit the supply of money
  - --the government can cut spending
- --to eliminate depression
  - --the Federal Reserve can act to increase the supply of money
  - --the government can increase spending

The Junior Section of the Arkansas Bankers Association has volunteered to send representatives to the school to assist in developing this understanding. This is a very sophisticated area of understanding and should not have too much time spent on it at this level.

Show how the Constitution acts as a stabilizing instrument.

Film: "Federal Reserve Bank and You," Arkansas Department of Education, Audio-Visual Section.

Resource Suggestion: Calderwood, James D., and Fersh, George L. Economics in Action, "Economic Goals and Economic Policies." Macmillan Company.

Evaluation: Have the students reached the place where they can begin to evaluate the goals of a nation?

Can students show reasons why the government has been involved in decisions aimed at the achievement of the national goals?

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NOTES

Because there is no other way of providing the goods and services people want except through the use of productive resources, or factors of production, it is necessary to develop conceptual understanding of productive resources.

The basic means of production, which are called productive resources or factors of production are:

- Land, or natural resources, which includes fertile soil, minerals, water, timber, climate, mountains, stones, and other products of nature.

  The ability of a nation to produce depends to a great extent on the availability of natural resources.

- Labor, or human resources, which is human effort. It includes administrators, managers, builders, researchers, inventors, professional people, day laborers, and all people involved in production.

  Both the number of people and the quality of their labor is important in the production of goods and services a nation can provide for its people.

- Capital resources which includes capital goods and equipment such as man-made tools, machines, factories, dams, devices, and other articles that do not satisfy wants directly, but are used to produce things we want.

- Another factor of production is identified as entrepreneurship. The entrepreneur may be a stockholder, a manager, or an owner of a plant or business. He may be the person who brings together the other three factors and organizes them for production, but the main thing that identifies him is that he is the financial risk-taker in promoting the business.

All of these resources must be used in production. It is the right proportions of the resources in different types of production that insures efficiency, that is, the best quality at the lowest cost of production.

Sometimes the production calls for the use of more manpower and less machinery. In other production it may be more efficient to use more machinery and less manpower.

If certain natural resources or raw materials are hard to get or too expensive for the product, substitutes may have to be used.

Replacement of outmoded tools, or plants with more modern buildings and equipment may be subfactors in production as may the need for on-the-job training of workers, but these are entrepreneurial decisions, and not considered basic productive resources.

One of the problems of production is to devise social institutions which will mobilize energy for productive purposes. Not only must men be put to work, but they must be put to work in the right places or else there is a waste of resources.

Production takes place in the home as well as in factories.

Before there can be consumption of goods or services in the home or outside the home there must be production of these goods and services.

Economizing means making the best use of the scarce resources we have been discussing. It is as important for individuals to practice this in their own personal affairs as it is for business to practice it in production. We must all constantly choose among the possible uses to which resources can be put--whether to save, or what to spend our income on; whether to continue our education or stop school and get a job.

Saving of resources simply means that we abstain from consuming resources at the present time so they can be saved for future use.

When people put part of their income in a commercial bank the bank pays the saver interest, but the bank does not have to keep all of the money deposited because savers will not likely need all of their money at the same time. The bank collects everybody's small or large amounts of saving and lends what it is not required to keep to business and individuals. In this way, business does not have to waste time hunting an individual who will lend money. It borrows from the bank or other savings institutions the money it needs to pay income to people who help to produce, and to pay for new equipment and plants.

See Flow Chart, Area VI, and the Unit, "The Urban Community," Area II, Grade IV. (Use these two charts together.)

Both economizing and saving are closely related to the concept of opportunity cost, which means that resources used to satisfy one want cannot be used to satisfy another want. When we choose to

have one good or service we have to give up another, and what we give up is the opportunity cost of what we choose.

This principle is important to producers of goods and services, and to consumers as they make decisions at the market.

Three main ways in which our whole economy saves and invests its money in the capital equipment used by private business and industry are:

- Companies put part of their profits back into the business.
- Individuals invest in business.
- Financial institutions invest in business.

[A trip to the bank or a visit from the local banker, at about or above fourth-grade level will be a better source for understanding this than will a description in detail of the proceedings.] Material: Public Relations Committee, American Bankers Association.

The Junior Section of the Arkansas Bankers Association has volunteered its members to work with teachers in this area of economic understanding.

Resource Suggestions:

Films--Our Productive Resources (color), James B. Calderwood, Consultant. State Department of Education, Audio-Visual Section.
People, Our Most Valuable Resources, McGraw-Hill Text Film.

Resource Unit:

Senesh, Lawrence. Our Working World, "Cities at Work." Science Research Associates.

Books:

Hagman, Durell. People and Resources of the Earth. Harper and Row.
Lepthien, Emile and Heintz, Erna. Communications and You and Transportation and You. Rand-McNally.

It takes people, tools, raw materials, and management to produce anything of material value. Man's use of resources is related to his desires, customs, and level of technology.

Economic Understandings

Producers, both inside and outside the home, use tools, labor, time, and raw materials. These are called productive resources or factors of production (Area III, OVERVIEW).

Factors of Production

Natural Resources	Human Resources	Capital Resources

The fine distinction between natural resources and raw materials need not be emphasized at this level. The emphasis should be on the fact that productive resources are needed in all production.

Classroom Applications

The factors of production are encountered so many times in the child's day that it is not difficult to keep this economic idea before him just by reminding children to identify the resources they are using in their work.

A painted picture, a doll dress, a written story, a meal planned and prepared--all of these common, everyday experiences demonstrate the economic role of the factors of production.

Using the form on the opposite page, list the resources that would be needed in the above-productive activities.

Remember the land the school sits on is a natural resource. The object painted may represent a natural resource--trees, water, rocks, mountains, wild flowers.

Let children try to think of any productive activity that does not require all of the productive resources.

Let children identify the resources that went into the production of different pieces of school equipment.

Economic Understandings (cont'd)

The factors of production may be used in different proportions. Sometimes one resource may be partially substituted for another, machines for human labor or vice versa, but all of the factors will be used in some proportion in all production.

Producers of services make use of the same productive resources as do the producers of goods.

Producers of services are necessary in the production of goods. The combination of right amounts of resources at the right time is important in production. (Truck drivers are as important as the farmer or the baker in the production of a loaf of bread.)

Classroom Applications (cont'd)

Help the children to understand that the factors of production are used in different proportions. When mother uses only a few tools she has to do more of the work herself. Factories are the same way. Some of them use expensive capital tools and very few human resources.

For a graphic experience in the area of production, the teacher might bring a loaf of bread to class and ask the children to make up a play in which each one of them wears a child-made costume (newspapers may be used), indicating that he, she, or a small group represent resources that go into the production of a loaf of bread.

Work out some lines or songs for each of them to use. Such characters as rain, sun, and wind might go together to represent climate. Others would be the seeds, the farmer, the tractor, the reaper and thresher, the grain hauler, the grain elevator, the miller, the baker, the oven, the delivery truck, etc.

At the end of the play let the characters move into the productive resource group where they belong. Arrange the resources in appropriate groups on a chart. Is one of these resources more important than another in bread-making?

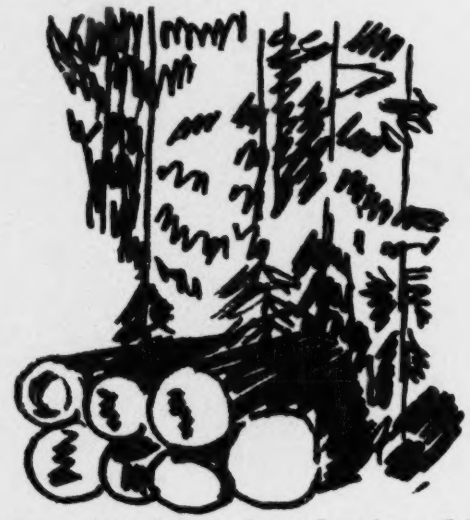
Sometimes one resource is partially replaced by another, but all resources are necessary for production.

Film: Community Bakery, Audio-Visual Department, State Department of Education.

Economic Understandings (cont'd)

Productive resources are scarce and should be used efficiently. Producers decide which resources it will be most economical for them to use.

If resources are wasted or misplaced or torn up they cannot be used at all.



forests

Evaluation: Are the children developing limited understanding of the meaning of the productive resources?

Do they recognize that some productive resources are scarcer than others, and that this affects the price of the different toys they want?

Classroom Applications (cont'd)

Would the Barbie doll with real hair cost more than the rag doll? Which has been produced with the scarcer resources?

The teacher gave Tom a beautiful piece of wallpaper, some scissors, paste, colors, and poster board. Tom had a choice of things he could do with these resources. He scribbled on the paper and threw it in the wastebasket. Then he put the colors and scissors and paste away. This was his choice.

Tom had a right to make his own choice.

Do you <u>think</u> Tom might have got more pleasure out of creating something with the tools? Don't answer this. Just think about it. Would you make the same choice Tom made? Think about that.

Area III | PRIMARY II | Productive Resources

It takes people, tools, raw materials, and management to produce anything of material value. Man's use of resources is related to his desires, customs, and level of technology.

Economic Understandings

The factors of production (or productive resources) are named and described in the Area III OVERVIEW.

The point to make here is that while most of the wants and needs of consuming units for goods and services are satisfied through purchases at the market place, this would not be true if there were no production of goods and services. Consumption of scarce goods can be satisfied only through production.

Production represents useful work.

Without the productive resources no production is possible.

The economic role of each of the factors of production should be a recurring theme during the entire curriculum.

Classroom Applications

Review the Area III OVERVIEW and the work done in this area at the lower level.

Help the children to identify factors of production they encounter in the home and the school.

Human--parents, relatives, children, maid; teachers, principal, custodians, children, cafeteria workers, others.

Natural--point out that most of the materials in this list are raw materials converted from natural resources such as lumber from trees, steel for tools from iron ore, and other such examples.

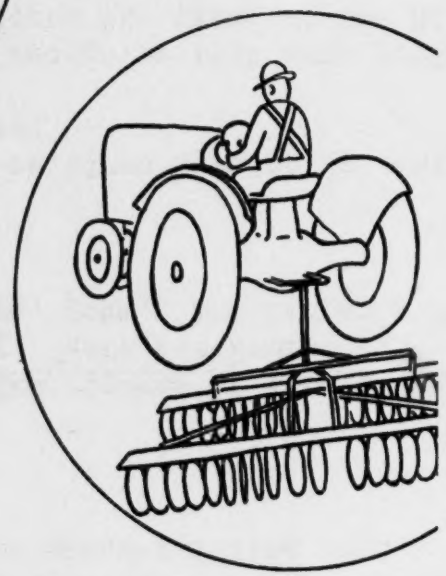
Capital--cook stove, cleaning tools, machines, detergents, knives, scissors; books, pencils, machines, mops and brooms, kitchen tools, typewriter, others.

Why couldn't Jane wear her new dress after her mother had bought the materials for it? (The dress had to be produced. This took the raw materials mother had bought, a machine, and mother's work; all factors of production.)

Economic Understandings (cont'd)	Classroom Applications (cont'd)
	For observation of the use of the factors of production outside the home or school, visit a house being built in the neighborhood. List and organize the natural, human, and capital resources needed in house building. The children might construct a playhouse and decorate it, identifying the resources used.
Productive resources have many alternate uses.	The varying uses of productive resources can be discovered through the study of the American Indians and their uses of productive resources in contrast with the use the pioneers made of these factors.
The quality of the productive resources and the way they are utilized help to determine the standard of living.	Which group made best use of resources? What enabled them to make the better use? (More tools and know-how.) Which group realized the higher standard of living?
Productive resources can be used in production in different proportions.	A mother may prepare meals and do all of the family household work by using only a few tools. Give examples. When she uses only a few tools she must use more of her own labor. The early home builders cleared the land for the building with hand axes and saws. They had to burn the stumps of the trees and then uproot them. Try to visit a place where land is being cleared for building today, and watch the big machines (capital resources) take the place of human resources.

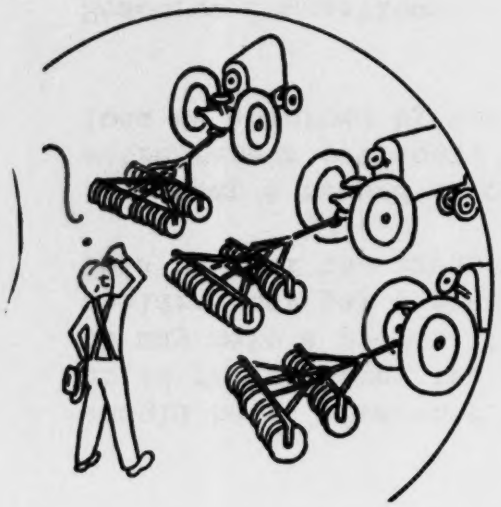
TOO LITTLE WORKING CAPITAL

Hard Work, Low Production, Small Volume of Business



ADEQUATE WORKING CAPITAL

Efficient Use of Resources, Low Costs, Good Profits



TOO MUCH WORKING CAPITAL

Resources Not Used, High Costs, Low Profits

Film strip and record: Men and Machines Work Together, McGraw-Hill Company.

In the same way factories use resources in different proportions. Some factories use lots of labor and few machines. In others labor is almost replaced by machinery, or land may be the resource used in large quantity.

In showing how natural resources, human resources, and capital resources are needed in producing a good, suggest that the class make red brick for the foundation of a house they might build later with scrap lumber.

Read about brickmaking and discuss the use of brick. Watch a bricklayer at his job. Notice the ease and rhythm with which he works if he is a skilled bricklayer.

Discuss the resources that will be needed for the production of handmade brick.

Natural Resources--water, clay, sand.

Human Resources--people, students, teacher.

Capital Resources--mixing pan, large spoon, paint, cement, cartons for molding, paint for color.

(Mix materials to thick liquid consistency. Pour into milk cartons to mold. Paint any color desired.)

Suggest that the class select one student in the room to be the entrepreneur for the brick-making project. Discuss the qualifications he

Classroom Applications (cont'd)

should have. Remember he will have to finance the operation, and then depend on selling a brick to each child for whatever the children will pay. He runs a risk as all entrepreneurs do, of losing money, but he may make a profit if he can sell the brick for more than they cost. (Toy money may be used, or children may pay a penny for the brick, lend it to the house-building project, and then take it home. This part of the project will be governed by school policy and the economic situation.)

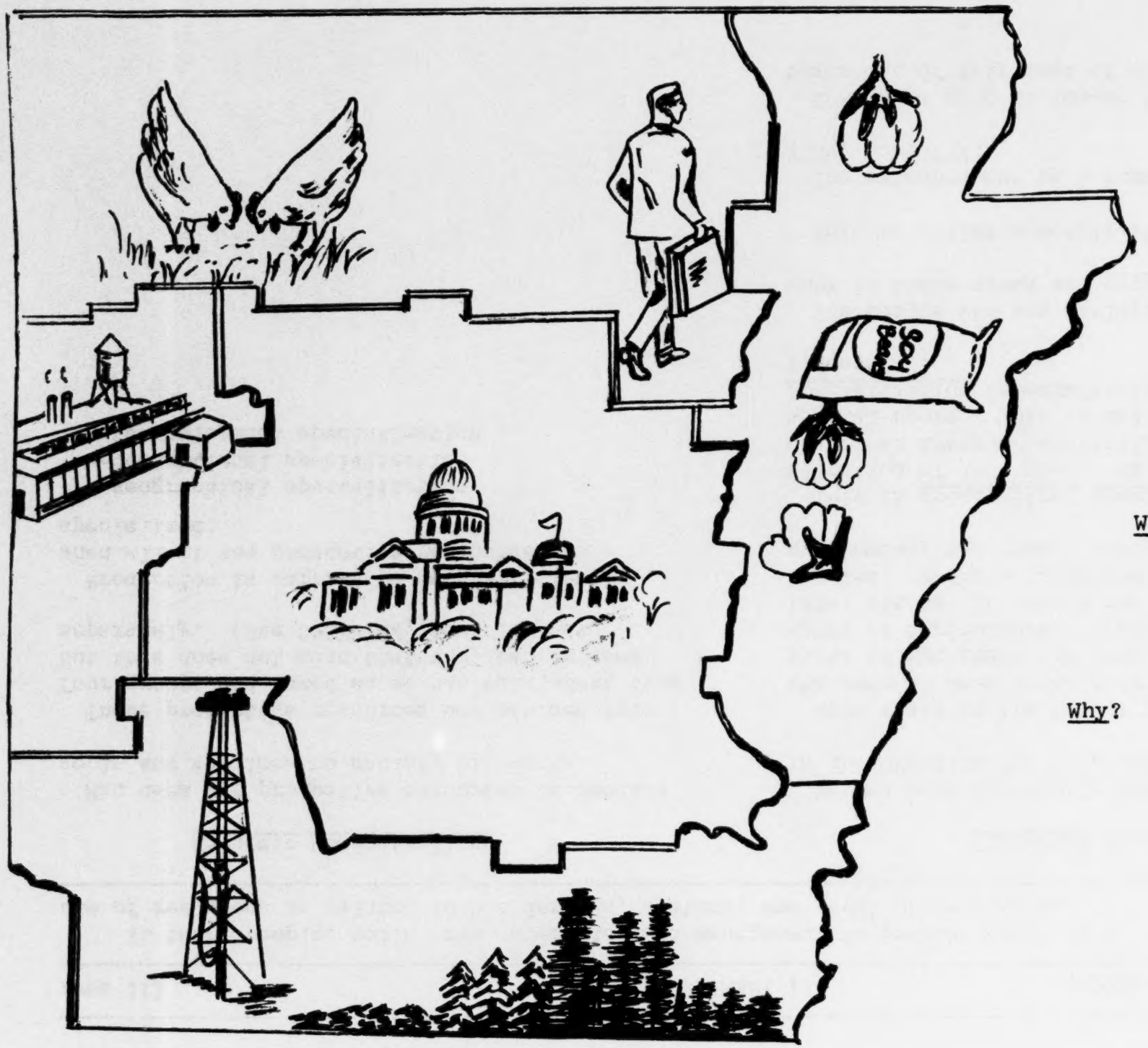
Keep a record of cost, including donations and receipts, and let the class figure on how the entrepreneur came out. It would be well to have an understanding at the beginning that the profit or loss be absorbed by the house-building fund.

Resource Suggestions:

Economic Education Experiences of Enterprising Teachers, Vol. I, "Operation of a Neighborhood Center."
Friends Far and Near, "Work for Everyone." Ginn and Company.
Finding New Neighbors, poem, "The Harper's Farm." Ginn and Company.

Evaluation: Are the children developing limited understanding of the meaning of the productive resources?

Do they recognize that some productive resources are scarcer than others, and that this affects the price of the different toys they want?



Where are the people?

What are they doing?

Why?

Area III | PRIMARY III | Productive Resources

It takes people, tools, raw materials, and management to produce anything of material value. Man's use of resources is related to his desires, customs, and level of technology.

Economic Understandings

Man uses the productive resources to produce goods and services to satisfy his wants.

These productive resources are divided into four groups and named so we can talk about them, but this does not mean that they can be used separately. (See OVERVIEW, Area III)

Production is carried on most efficiently when all of the productive resources are specialized:

--geographical specialization
--occupational specialization
--technological specialization

Classroom Applications

Review very thoroughly the explanation set forth in the OVERVIEW for this Area.

Look again at the map of Arkansas and observe the special uses being made of land. In some parts of the state the land is used for different kinds of agriculture; in some parts for industrial plants; in others for poultry raising, tourism, or for a condensed residential area, government, and retail business offices.

This is geographical specialization (specialization of land use). Each one of the geographical areas of specialization makes use of special tools. This is called technological specialization (specialization of capital resources).

The people who are skilled in doing special work in these areas are occupational specialists.

This is called specialization of human resources.

The entrepreneur is a human resource. (See OVERVIEW, Area III)

Does this help to answer the questions at the beginning of this area of study?

Classroom Applications (cont'd)

--Where are the people? They are where they can get jobs and make use of their training and abilities.
--What are they doing? This depends on the special uses being made of the resources in the part of the state where they are.
--Why are they doing what they are doing? Because this is what they are trained to do, and this is the kind of work that is needed in this special use of land and with these special tools.

Discuss the meaning of productive resources. Note that in order for goods and services to be supplied for man's satisfaction, he must make extensive use of these resources.

Seek information about the natural resources found in Arkansas. Look for examples of the following:

minerals	timber	farmlands
rivers	lakes	streams
climate	mountains	fish and wildlife

Ask children to find and label pictures of natural resources found in their community. Use pictures to build bulletin board, "Productive Resources of Our State."

Make a list of rivers, dams, and lakes found in your state.

Make charts to show how natural resources are changed for our use as water into power, trees into lumber, crude oil into gasoline.

Some questions to think through:

--What natural resources are scarce in our area?
--Where does the water supply come from in your community?
--How does the water get to your home?
--Who makes this possible?

Find or make pictures to show the different ways people use water.

Display your pictures. Note that water becomes a capital rather than a natural resource when it is dammed up and used for power.

Classroom Applications (cont'd)

Through class discussion, help children understand that conservation and development of our productive resources are essential to continuing production. Consider such individual responsibilities as:

Around home:
--care of tools
--protection of birds
--mulching leaves vs. burning

Around school:
--protection of shrubs and trees
--avoidance of destruction of wildflowers growing along edge of playground
--care of school property (capital resources)

Around community:
--strict obedience to hunting and fishing laws
--observance of anti-pollution regulation of water supply
--observance of litterbug laws and ordinances

Discuss how human effort, both mental and physical, is necessary for the transformation of natural resources into usable goods.

Develop a chart to show the workers needed to produce and distribute a certain need:

Clothing (a cotton dress)

Farmer
Ginners
Spinners
Weavers
Factory workers
Office workers
Managers
Wholesalers
Department store workers

Ask children to find and add to bulletin board pictures to show human resources of their community.

Let some of the class members assume the role of businessmen. Develop a list of the qualities they would want their workers to possess. (A discussion can help them summarize in terms of health, education, training, and attitudes.)

Classroom Applications (cont'd)

Children might analyze work done by people they know and develop a list of the requirements and/or advantages of various jobs. Note that all productive work is important and worthy of respect.

Filmstrips: "Office Workers"
"Factory Workers"

Ask children to complete bulletin board by finding pictures to illustrate capital resources used in their community.

Find pictures and stories to contrast capital goods used by early settlers of our country with those used today. Emerson, Caroline D. Pioneer Children of America. D. C. Heath.

Discuss the entrepreneur's relationship in the process of production:

--What are the responsibilities of the entrepreneur?
--Do the children know any entrepreneurs?
--Do all businesses need an entrepreneur? Why?

Help children discover that productive resources are used in different proportions. For example:

--When a mother has few labor-saving devices, she must do much work.
--When factories use few modern machines, they must use more workers.

Read and share stories of how the early American Indians used productive resources to satisfy their needs. Magic Windows, "The Strongest Indian Brave." Allyn and Bacon Inc.

Help children understand that productive resources may be used in different ways. Consider:

--The "sandwich" coins now in circulation
--The wide use of plastics

Plan a terrarium. Use gravel, black soil from the woods, leaf mold, and sand. Make a pond by placing a small dish of water in the soil. Set out small plants from the woods (fern, moss, ivy). Keep covered with glass so that it will water itself by evaporation and condensation. It may be necessary to sprinkle lightly occasionally. (Do not keep terrarium in direct sunlight.)

Economic Understandings	Classroom Applications (cont'd)
The conservation and protection of productive resources is very important.	Let the children report on a state Game and Fish Commission television program that deals with conservation problems in your community. List some organized ways in which resources are preserved, protected, and conserved.

Evaluation: Do the children understand the relationship between productive resources and local economic activities?

Are they becoming aware that conservation of our earth's natural resources is a personal as well as a social responsibility?

Are they aware of the many workers responsible for the satisfaction of their basic needs?

Are they developing an appreciation for the dignity and worth of all labor?

Do they understand that man-made facilities influence the life of a community?

It takes people, tools, raw materials, and management to produce anything of material value. Man's use of resources is related to his desires, customs, and level of technology.

Economic Understandings

There is no other means of production of goods and services that satisfy man's material wants except through the use of the productive resources--natural resources, capital resources, human resources, entrepreneurship. (Defined in Area III, OVERVIEW.)

Climate, physical features, and natural resources vary in different regions of our nation as well as in other areas of the world. These factors affect how man will provide for his basic needs. However, modern technology and innovations have helped us to overcome some of nature's limitations. (Since Arkansas uses the multiple-choice state-adopted textbook plan, it is expected that this plan of action will be applicable for use with any selection of social studies texts.)

Natural Resources

Physical characteristics influence the use of a region. Difference in terrain affects the development of resources which the country possesses.

Climate varies in different regions of our country. It affects the kind of work people do, how they plan, and how they live. Climate and seasons affect how man provides for his basic needs.

Classroom Applications

Use maps to show coastlines, topography of a region to include hills, valleys, streams, lakes, peninsulas, bays, islands, etc.

Display pictures to show contrast in topography. Show the film, America the Beautiful. Make a transparency to show how natural features of the United States affect travel, agriculture, dress, play, shelter, food.

Locate Arkansas on a United States map and look at the topography of the state. Review the suggested activities for lower grades in this area.

At this level the study of productive resources and activities should extend back to the more or less static economies of the Indians and the early white settlers and move with the events of history through the periods of "finding better ways to live" up through "Living Today in Arkansas."

Suggested Resource: Units 4 and 5 in Living in our Country and Other Lands, Macmillan and Company.

Read and discuss the stories in your social studies text about climate, seasons, and temperature zones.

Film: America the Beautiful (excellent). Audio-Visual Section, Department of Education.

Economic Understandings (cont'd)

The natural resources of an environment determine to some extent how men live and earn a living.

The large automobile companies that make up the largest industry in the country do not have in their own regions everything they need for automobile production. How do they manage to carry on production?

Students at this level should be aware of the great advantage we have in this country in our easy mobility of productive resources.

Comparative advantage is a condition which exists when one productive unit (individual, region, or nation) can produce each of two products at less cost than some other producer. The relative savings or advantage in the case of one of these products is greater than in the case of the second. The favored producer holds an absolute advantage in production of both products, and enjoys a comparative advantage in the case of the product where the advantage or production is relatively greater. This is illustrated in Area VIII, GRADE V, pp. 217-18. Mark held absolute advantage in both playing positions, but he held comparative advantage as a pitcher.

Suggested resource for teachers: Calderwood, James D., and Fersh, George L., Economics in Action, chap. 18. Macmillan and Company.

Classroom Applications (cont'd)

Find areas in the United States that have seasons different from those found in Arkansas (length of growing season).

Discuss how the topography plus the climate conditions affect the way people live. Discuss the differences in products found in the different regions. Explain how this might influence the sale of these products.

View the films, "Climate of North America," and "What Causes the Seasons?" (Audio-Visual Section, Arkansas Department of Education).

Draw pictures representative of the different seasons. Make a bulletin board of the pictures to illustrate the four seasons and draw or color a mural of the seasons. Show how seasonal changes affect the use of certain productive resources.

Draw or collect pictures showing the chief products of different regions of the United States. Do they produce these products because they are all they can produce, or because they have a "comparative advantage" in producing them? Can you decide as you read about these regions what their comparative advantage is (defined in "Dictionary of Economic Terms")?

View filmstrip, "Where People Live and Work."

Form committees to research other regions of the United States to find natural resources available for use. (Tie this specifically to the finished products the region uses and the products they export for state income.)

Classroom Applications (cont'd)

Make a chart showing different regions, natural resources, and how they are used, for selected areas of the United States.

Where People Live and Work

Region	Natural Resources	Use
Arkansas	Land, water, forest, fish, rich soil, tourist attraction, petroleum	Rice, cotton, paper, feed
Massachusetts (living by the sea)	Soil, water	Food
Wisconsin (wheat, corn, dairy farms)	Soil, water	Milk, milk products, grain for animals
Florida (fruit)	Land, water, climate	Food
Oregon (forest)	Forest lands	Lumber, paper products
Arizona	Water for irrigation grasslands	Corn, cotton, beef, vegetables
New York	Land, minerals, water (energy)	Clothing manufacturing

Economic Understandings (cont'd)

Capital Resources

Capital resources are those goods which are used to produce other goods and services. The teacher should not identify capital with money, but should emphasize the need for savings to be used for investment, i.e., to build machines, tools, and factories.

Capital consists of anything that can extend or enlarge man's power to perform economically useful work. It means tools, machines, equipment, buildings that are used in the productive process.

Capital tools operate to make human labor more productive.

Human Resources

Human resources should be used efficiently since manpower is our most important resource.

As long as we have able people unemployed, we are not using human resources at full efficiency.

We are wasting human resources when people are employed in a job for which they are not fitted.

Classroom Applications (cont'd)

Make use of social studies textbooks to expand on the productive resources of these states and the more expanded use the people make of them.

Show how transportation and fast communication have altered the dependence of a community or state or region on its own natural resources. Give specific examples. Resource: AREA OVERVIEW.

By the use of shadow boxes and murals create a dateline indicating new inventions and discoveries which led to or resulted from new sources of power, and show the changes in living conditions that took place with each of these improved power sources.

Go from muscle power through wind, water, steam, electric, gas, and to nuclear power.

Emphasize not only the inventor or discoverer but the importance of the entrepreneur who took the financial risk of developing the invention into a practical tool of production.

This is well developed in the ETV program called "From This to This."

This is an extremely important phase of the fourth grade social studies program.

Suggested resource: "Finding Better Ways of Living," Unit 5, Living in Our Country and Other Lands, Macmillan and Company.

Write stories about, "What I Want to Be When I Grow Up." Discuss the importance of the right training and skills in specific jobs. Why is education today more important from a job standpoint than at any other period of history?

Economic Understandings (cont'd)

The quality and quantity of human resources are important.

Division of labor and job specialization increase production efficiency.

Sun-Ray Farm, Wayne Poultry Company, Inc., Danville (Yell County), Arkansas. Commercial egg production; 67 "Poultry Farmers" house approximately 670,000 hens. Produces 10,920,000 dozen eggs annually, with a gross wholesale value of $3,720,000.00. Gross income for 67 producers is $574,392.00. Small land area required; comparatively large quantities of labor and capital used.

Classroom Applications (cont'd)

Interview parents about their occupations and why they chose them.

How do they help other people?

Read about noted people of the past who have improved the quality of human resources, such as Horace Mann and George W. Carver.

To impress on children the need for education and training, role-play applicants interviewing employers.

List some occupations which require a high degree of training or education. List some occupations which require many workers with skill in the particular thing they do.

Research the Yellow Pages of the telephone book to learn of industries and businesses specializing in certain goods and services.

Would you prefer a repairman experienced in television repair to a "jack-of-all-trades"repairman to fix your television? Would a teacher, trained to teach, be as fast on a shirt factory assembly line as a woman experienced in running a machine on the assembly line?

As children work through the history and geography of the people of the world they will discover that the availability, quality, and use of the factors of production in different proportions, make a difference in the way people live.

For example, Brazil, rich in resources, has a low standard of living, due to lack of skilled

Economic Understandings (cont'd)

Culture, tradition, and religion sometimes forbid the use of available resources.

Classroom Applications (cont'd)

labor, lack of effective tools and lack of people (entrepreneurs) who are able and willing to take the risk of going into business. Switzerland, poor in resources, enjoys a high standard of living, due to the availability of skilled labor, good tools, equipment, people long experienced in specialized production and willing to take the risk.

Suggested resource: Cartwright and Others, Living in Our Country and Other Lands, Macmillan Company.

The following chart shows one way of analyzing the different combinations of resources. The nation studied here is Japan:

Natural Resources	Human Resources
land--very small area compared to the population living there	93 million people (not all in labor force)
water--short streams, ocean	skilled workers
minerals--timber, fish, mulberry trees, oysters	business "know-how"
	cheap labor
	ambitious people

Capital Resources
modern machinery
factories
foreign capital

Let students make a similar analysis for other areas, including Arkansas.

Suspicion and distrust of others, religions that prohibit the killing of harmful insects, prohibitions against eating the flesh of certain

Classroom Applications (cont'd)

animals, the use of certain medicines, and sometimes even eating habits, may prevent the full use of resources.

Evaluation: By this time students should be fully aware of the importance attached to productive resources of the nation and their own community, and mindful of the waste of resources they see. They should have a reasonably developed concept of comparative advantage.

Resource suggestions:

Film (color), Dr. James B. Calderwood, Consultant, Our Productive Resources, Audio-Visual Section, Arkansas State Department of Education.

Books: Lepthien, Emile and Heimtz, Erma. Communications and You. Rand McNally Company.
_____. Transportation and You. Rand McNally Company.

Resource Unit: Senesh, Lawrence. Our Working World, "Cities at Work." Science Research Associates.

Area III | GRADE V | Productive Resources

It takes people, tools, raw materials, and management to produce anything of material value. Man's use of resources is related to his desires, customs, and level of technology.

Economic Understandings

In Area I we found that scarcity exists because we do not have enough productive resources to produce the goods and services our society wants.

We could say that the productive resources are just the things that are brought together to produce the goods and services people want. We do not have to divide resources into groups and list them under the headings of natural resources, capital resources (tools and equipment), human resources, and the entrepreneur, but we will find when we start to produce any of the goods and services we want, that the things we are using fall into these groups and all of them are needed for production.

One of the reasons for the constant research that goes on in America is to try to find hidden potential resources, to find ways to convert unused portions of resources into productive resource use, and to find profitable new ways to use the things around us.

Classroom Applications

Using an opaque projector, draw a large map of the Northeastern Atlantic Coast. Draw or paste in pictures that show the natural resources (trees, wildlife, soil, water) found in Jamestown and Plymouth by the first settlers.

Use colored yarn to point to the uses made of these natural resources:

--trees for houses, forts, and boats
--fish for food and fertilizer
--wildlife for food and clothing
--water for drinking, travel, washing
--soil for farming

Could any of these natural resources have been converted into goods and services without benefit of capital resources (some kind of man-made tool) and human resources?

The question that arises for class discussion is:

--What makes a resource a resource?

Coal was always underground in Arkansas. Was it a resource for the Indians and early settlers? There was a period when coal was a very important resource for the state. Is it considered a valuable resource at the present time? Why?

Read aloud to the class the book, Squanto, by A. M. Anderson.

Economic Understandings (cont'd)

Once a new capital resource is developed, it may influence the use of human and natural resources.

Consumer and producer demands may change the use made of productive resources and the proportions of each in certain productive activities.

Conflicting points of view of the leaders in the nation bring about changes in the use of the productive resources. (A new administration may see fit to continue to use resources to carry on the war, or it may try to stop the war and use the resources for domestic purposes.)

Classroom Applications (cont'd)

Assign each student in the class to illustrate one of the events in the story of Squanto. Paste or staple these pictures on a roll of paper which will be rolled through a "homemade" television. Let each child write a paragraph that describes human, natural, and capital resources found by the first settlers.

Was the fish a capital resource before Squanto showed the settlers how to use it for fertilizer? Remember that capital consists of anything that can extend or enlarge man's power to perform economically useful work.

Locate information in the text that describes the way the Jamestown and Plymouth colonies organized their economic system. Particularly interesting is the way in which human resources were assigned to certain places of leadership or to jobs in which they had the certain abilities needed for best use of the few capital tools they had. The trail blazer and the wagon master became specialists.

As new capital tools were brought over from Europe or devised at home, show what effect this had on the use of human resources.

An example of the changes new capital resources may have on human and natural resource use can be seen in the settlement of the Great Plains after the invention of the reaper, the steel plow, and barbed wire. There was migration to new kinds of jobs, and land was put to new uses.

What will be the long-run effect of the present-day inventions such as the cottonpicker, the

Another word that may be added to the vocabulary of the elementary student is the word utility which is used to define the "want-satisfying power of a good." The degree of utility that any "good" (thing) has depends upon how well it satisfies different aspects of the demand for it.

We typically talk about:
--form utility: is the good in the correct form? (a tree is lumber in the wrong form)
--time utility: is the good available at the right time? (snow on Jan. 1 doesn't make a White Christmas)
--place utility: is the good in the correct place? (water skis have little utility in the desert)

The words sound like "big words," but they are very simple and the only reason for pointing them out here is to emphasize the other values in economic goods than the productive resources that go into their production.

A good has utility of form when it is finished at the factory, but it does not have utility of time and place because it is not at the place where it is wanted nor at the time it is wanted.

To get it to the retail store where the consumer can pick it up, it must be transported by some means. To be sure it is available when the consumer wants it, the manufacturer must have some signal from the

combines, and other big farm machinery on the farm employees?

Will it eventually move them into the production line, into marketing, into scientific research that will find new uses for cotton? Or substitutes for cotton, maybe?

Dramatize the conflicting points of view of the early settlers regarding economic activities and the uses of resources.

Did these groups aid or hinder the growth of a colony:
--Settlers who wished only to use the resources to search for gold.
--Settlers who wanted to use the resources to establish homes and a permanent settlement.
--Indians who wanted to regain control of the natural resources of the area.

Settlers in the new world had to get the things they needed by using their brain and muscle and the few simple tools they had to best utilize the natural resources around them to satisfy their wants and needs.

Is it likely that the settlers were not able to make use of some potential resources because they did not have the knowledge nor the tools for development? Identify some of these resources.

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Economic Understandings (cont'd)

wholesaler. The wholesaler orders the product from the manufacturer and stocks it in his warehouse until the retailer gets it and puts it on his shelves, where the consumer can buy it at little inconvenience to himself.

This sort of "manufacturer to consumer" activity which goes on all of the time requires dependable transportation and communication systems. The transportation and communication facilities, the wholesaler, and the retailer add utility to the product because they provide useful services. Children understand "fads" well; fads are extremely subject to "time" utility.

Resource suggestions:
A set of filmstrips: Our National Resources, Filmstrip House, Inc.
Films:
Alaska and Its Natural Resources, Bureau of Mines
Beginning and Growth of Industrial America, Coronet
Communications in the United States, Yale University Press

Evaluation: Productive resources are scarce relative to society's wants and needs.

Can the students name at least ten economic activities that have grown out of this fact?

As a starter such things as economic decision making, specialization, search for new tools (advanced technology) might be suggested.

It takes people, tools, raw materials, and management to produce anything of material value. Man's use of resources is related to his desires, customs, and level of technology.

Economic Understandings

Scarcity has been defined as wants and needs being greater than goods and services. The only way man has of providing the goods and services that satisfy wants and needs is through the use of a group of resources called factors of production or productive resources.

These resources have been grouped and illustrated at lower levels but they are again grouped and explained in a more expanded way for the classes at this level.

For some of these suggestions we have drawn from an outline in "Definition of Factors of Production," Development of Economics Curricular Materials for Secondary Schools, Ohio State University.

Natural Resources--Natural resources are found in nature. (Area III, OVERVIEW, Guide) Emphasis at this level should be on:

--our natural resources
--our energy resources
--renewable resources
--exhaustible resources

(See the excellent resource listed under "Classroom Applications.")

Classroom Applications

Natural Resources

Resource suggestion: Fersh, George L. and W. H. Stead, Natural Resource Use in Our Economy, Joint Council on Economic Education.

Knowledge about the uses of these elements of natural resources is basic to their being useful.

As has been emphasized at the lower levels man has, for a long time, been learning to make more and more use of natural resources, and we are still in the process of learning more about the use of natural resources to supply more of man's wants.

(This could open up the study of the whole field of synthetics and this could be used as a problem for economic analysis.)

- The tools (knowledge, power and others) needed for making best use of natural resources have not always been available. Show examples.
- The cost of converting and transporting natural resources was not always profitable, and still has to be reckoned with in terms of whether the use of the resource is "economic" (OVERVIEW, Guide) or not.

Economic Understandings (cont'd)

Human Resources--The term human resources is used broadly to include all human effort, both "brain" and "brawn."

Although included in data for the labor force, two groups are usually considered separately because of the specific responsibilities they each have as factors of production. They are (1) the entrepreneur and (2) government personnel.

The responsibilities of the entrepreneur are described in Area III, OVERVIEW.

In addition to the government personnel activities essential to the operation of the economy, such as the provision and supervision of the money supply, the laws defining and enforcing contracts, regulation of business practices, the large force of secretaries and clerks who render service in governmental affairs are also a part of government personnel.

Capital Resources--Tools, machines, and equipment are examples of human ingenuity applied to natural resources to create aids to production and to make possible increased efficiency.

Tools, machines, and equipment are real capital. The word capital is also used to mean money capital, that is, the money needed to acquire all of the factors of production. This use is the more familiar one, but it is

Classroom Applications (cont'd)

Human Resources--A good question for debate might be, "Can brain and brawn be separated?"

In defining the people involved in producing goods and services, data are available for the labor force. The civilian labor force (excludes the military) is defined as those 14 years old and over who are working or seeking work.

Entrepreneur--It is necessary that the factors of production be brought together so that the goods and services may be produced. The individual or groups of individuals who supervise this task or take risks in guessing what should be produced are called entrepreneurs. The word "management" is often used instead of entrepreneur, but it suggests only the administrative responsibilities, not the risk-taking elements, and is too narrow a definition. Also, very often in corporations, the managers and the entrepreneurs are different people.

The place of the entrepreneur may be made clear to the students by describing his responsibilities in the different business units, e.g., the individual proprietorship, the partnership, the corporation, the cooperative. Make a pictorial chart to illustrate the characteristics of these different business units:

Proprietorship
Partnership
Corporation
Cooperative

important that the two meanings be kept clear.

Both consumer and producer goods and services are being produced at the same time. Since the factors of production can be used to produce either for consumers or producers, choice is important. Real capital helps to produce more efficiently, but it is still necessary to decide how much resources should be devoted to creating real capital.

Tools and machines (real capital) must be produced (1) to replace the tools and machines which are wearing out and (2) to add to the total amount of tools and machines which the economy has.

Teacher resource: Wilchel, Gordon. An Introduction to the American Economy, Chap. 3. D. C. Heath and Company.

Divide the students into groups. Let each group decide on a business it will go into, and decide which of the above business organizations would be the best for the particular business. Insist upon the students giving reasons (based on study and interviews) why they chose the business organization they did choose.

Many government operations resemble businesses, e.g., the post office, but they differ in some important characteristics, e.g., they do not produce for profit.

Government--Many government activities are essential to the operation of the economy, for the production of goods and services could not go on without government, e.g., the provision and supervision of the money supply, the laws defining and enforcing contracts. Find examples of these activities in your social studies textbooks.

To create real capital, it is necessary to use factors of production which could have been used instead to make consumer goods and services.

Find examples in our history, particularly in the early stages of growth and in times of war, when factors of production that could have been used to make consumer goods and services were used to create capital. (This is what Russia has been doing.)

Classroom Applications (cont'd)

Suggested Resources: Hay, Charles. Race Between Food and People. Coward-McCann Company.
Green, Ivah. Water, Our Most Valuable Resource. Coward-McCann Company.
Bienvenu, Harold J. Transportation--Lifeline of America. Scott, Foresman and Company.

Evaluation: Has the teacher been able to relate this study to other disciplines?

In geography has the theme of the uneven distribution of the world's resources been explored and made more interesting?

Do students appreciate the dimension of transportation and the dependence on transportation for geographic mobility of resources which is a recurring problem in some countries? Look at some countries in South America.

Have the students become familiar with different laws affecting the use of various factors of production, e.g., can one use land to grow opium? What of special laws for mothers and for child labor?

NOTES

Since all societies are faced with the same basic economic problem of economizing and allocating scarce resources among alternate uses, each society must have some organized way of making decisions as to how to use scarce resources.

THE ECONOMIC SYSTEM

DECIDES

WHAT TO PRODUCE | HOW TO PRODUCE | FOR WHOM TO PRODUCE

The way in which a society makes these decisions determines the kind of economic system it supports. Our own economic system, which we describe as the private enterprise market approach, is called by several different names: free enterprise, the market economy of the United States, and American capitalism.

We call it a market system because the basic decisions are made at or through the market. When consumers go to the market they register their decisions by what they buy (dollar vote). These decisions are added up, so to speak, and they help to decide what will be produced. When the producer goes to the resource market to hire or buy productive resources, the cost, quality, and availability of certain resources will help to determine how production will be carried on.

The basic characteristics of the system are:

- Private ownership of property
- Economic gain (profit) as the motivating force
- Consumer direction
- Competition as a regulating force
- A minimum of government influence and control of the market
- Stable government by law

In a market economy it is the consumer by his demands at the market, primarily, who decides what will be produced. Under the pressure of competition, the producer decides how production will be carried on. The share (for whom) each individual family, business, or government gets is determined by income and willingness to buy. "For whom?" is one of the most difficult questions for a system to continue to answer. It is largely decided by incomes in a market system, but people make changes in this system, when they feel that it is necessary, through their government.

We prefer this system because it provides us with certain rights and advantages which are consistent with our political system.

- Private ownership gives us the right to own, use, and dispose of property in legitimate ways. Most of the wealth of the nation, including productive resources belongs to individuals and groups of individuals. Although they are limited by licensing, laws, and sometimes by union practices, people are free to choose their own jobs or businesses, and change as they see fit. Within some limits, people are free to spend their income as they please.
- The hope of economic gain or profit is the driving incentive of people who work. Any one who takes a job expects and has a right to expect profit by selling his or her services, as does the business enterpriser, who hires, sells, and organizes resources for production. The expectation, whether realized or not, of economic gain, is basic to the system.
- Under the decentralized decision-making economy (decisions made by the people and not by a central planning power) the producer, prompted by a desire for a successful business, tries to produce what consumers want. The consumer directs this production with his dollar vote at the market.

If the consumer stops buying a certain product at the price at which the producer can afford to produce it, the producer stops producing it, and probably switches to some other product--maybe one in which he can still use his same plant and equipment. (This is a good place to explain supply and demand.)

--Demand does not mean simply that consumers want something. It indicates how much of the product people will buy at different prices. As a general rule, people will buy more of a product if the price is low, and less of the product if the price is high.
--Supply does not mean how much there is of something, but how much of the product will producers put on the market at different prices. As a general rule, producers will produce more of a product if the price is high, and less of the product if the price is low, especially as the price relates to the cost of production.

- Most producers operate under the pressure of competition. That is, they try to offer quality and variety of goods or services that they can sell at or near the going price of similar goods and services that are being sold by their competitors. Competition may even take place within a business. Many laws have been passed to insure competition. In fact, maintaining competition is one of the functions of government.

Most sellers face price competition, but some do not. These include natural monopolies such as public utilities that are regulated by government, because it is not believed that competition in these areas would serve the best interest of consumers.

- A minimum of government influence and control of the market means that essentially we have a market economy where basic decisions are made through the market and price mechanism. Sometimes government has to step in to alter the decisions of the market.

  --to set safety standards for workers
  --to maintain competition through laws and enforcement
  --to institute some substitutes for regular price mechanism at the market such as regulating utility rates and farm prices as we have seen in recent years. The government helps in market decisions by:

    - maintaining stable government and protecting property rights
    - protecting consumers against false advertising and products dangerous to health

- Stable government by law means that business activities are authorized or prohibited by law and the businessman can be fairly sure, if he is operating a legitimate business, that he will not have his property nor his income confiscated or regulated unfairly after he has his business started. If he thinks this is being done he has recourse in the law.

An important thing to consider in studying about our economic system is how and why it developed as it did. What economic forces directed its formation? And how do we go about making changes that are needed? Not the changes, but the way we make them is what we value.

By reading history books students will be able to see what each step sprang from. Even the size of our country resulted from economic needs and wants and economic foresight.

Area IV PRIMARY I The Market Economy of the United States

The market economy of the United States, which we describe as the private enterprise market approach, is called by several different names--free enterprise, the market economy, and American capitalism--all of which add up to the same thing: decentralized market decision making.

Economic Understandings

It is not intended in this area of study that the market economy should be named and defined, or that it should be introduced formally to first grade children.

However, limited understandings of some of the basic characteristics of the system have already been established through the first graders' real world contacts.

These basic characteristics of the market economy of the United States (see Area IV, OVERVIEW) will include:

--private ownership of property
--profit motive
--competition (how to produce)
--the answer to the question "what to produce"
--the family's share of what is produced is determined by the family income (for whom to produce)

Private ownership of property gives us the right to own, use, and dispose of property in legitimate ways.

Profit is the money the owner of a business has left after he has paid all of the

Classroom Applications

Make sure the children understand the meaning of private ownership. Make a personal case of all private and public ownership of property.

This is my book. I chose the book and bought it with my money. I can share it or keep it for myself. This is my decision to make.

This is our library. We support it with tax money and donations.

He is our mayor. Our families pay taxes to provide for his services.

That is my family's house and that is my bicycle at the door. We can do whatever we please with them as long as we do not endanger other people.

That is my father's job.

Try to instill in children the pride of ownership and a positive attitude toward care and respect for collectively owned property.

Through such projects as toy rental for the day, play stores, and the traditional lemonade stand idea, try to explain the meaning of profit,

Economic Understandings (cont'd)

expenses of running the business and paid himself a salary.

This hope of profit, which is the income of the owner of a business, is the reason people go into business.

There are different ways of earning income:

Salary for Labor

Rent for Property Ownership

Interest for Money Ownership

Profit for Organizational Ability
(Entrepreneurship)

Under pressure of competition, the producer decides how production will be carried on. (This is illustrated in Area III, PRIMARY I)

Competition makes producers try to produce different kinds of new things.

Classroom Applications (cont'd)

and the fact that it takes personal planning, effort, and risk to earn profit.

List people in the community who earn income by earning a profit.

A parent or businessman who owns a business and makes a profit on it may be invited to tell the children how profit is earned.

Henry paid 12 cents for lemons.
He paid 4 cents for sugar.
He paid 16 cents for paper cups.
32 cents (cost of operation)

The lemonade cost 32 cents; the water was free. Henry sold 12 cups of lemonade at 4 cents a cup. He collected 48 cents. He paid out 32 cents. His profit was 16 cents (less any wages for his time).

If Henry has sold only 10 cups of lemonade, what would his profit have been? 8 cups? 6 cups?

Be sure children have a conceptual understanding of competition.

Children can easily develop a conceptual understanding of competition through the competitive activities in school and by interviewing their parents about why they buy certain products and why they buy at certain places.

--Are the goods or services cheaper?
--Is the product better?
--Is the store clearner?
--Does the place offer better services?
--Is it more convenient?

Economic Understandings (cont'd)

If every business or producer offered the same goods or services and nothing else was produced, some of the people would not be employed and our wants and needs would not be supplied as well as they are.

In a market economy where decisions are made at the market the consumer decides what will be produced.

Classroom Applications (cont'd)

Role play visits to different businesses or shops. Point out why you think some of them will do a good business. Why some will not.

Book: Annie's Spending Spree, Watson, Viking Press.

Induce children to name things they have wanted to buy because they saw them advertised on television.

Do you think competition is good? Why?

To demonstrate to children that their demands or needs (consumer demands) determine what will be produced, the teacher may start with the question, "What questions would you start asking if I told you that the school principal had not been able to buy anything for you to work with except pencils because the producers hadn't produced anything else?"

After such responses as, "What will we do for paper, scissors, crayons, books, paints, brushes, mats, and food?" the teacher can lead into logical thinking by asking, "Why will the producers really produce all of these things you are asking about?"

The producer produces the things people will buy and the stores stock what people want and will buy, because they want to sell their goods to make a living.

As consumers, primary school children want and will buy all these above-mentioned things, so

these things will be produced and stocked in stores for that reason.

Evaluation: This study is not intended to be a formal teaching activity. It is an attempt to help the children relate their own affairs to the world around them. It is in the light of this purpose that the teacher should judge results.

Are the children beginning to understand the impact the family's spending has on the producer?

Do the children understand that all of the people who are employed at the supermarket are there because of family buying?

Are the children beginning to realize that the amount the family can spend depends on the family income?

Area IV PRIMARY II The Market Economy of the United States

The market economy of the United States, which we describe as the private enterprise market approach, is called by several different names--free enterprise, the market economy, and American capitalism, all of which add up to the same thing: decentralized market decision making.

Economic Understandings

No attempt should be made at this level to develop conceptual understanding of the market economy as a system. It is a simple matter to develop awareness of the fact that decisions concerning what to produce, how to produce, and for whom to produce are made at the market.

In our country the consumer is free to buy and sell at the market as he chooses.

When consuming units buy things at the market that satisfy their wants, they are, by their spending (demand), telling the producer what to produce.

Producers react to the consumers' demands of what to produce, but the producer decides how to produce.

Some businesses employ many people and use less expensive tools and land. See Area III, PRIMARY I, and Area III, PRIMARY II.

The price the producer has to put on a good or service determines in part who will buy it (for whom to produce).

Producers such as the building contractor, the barber who cuts hair, the teacher who

Classroom Applications

The class may dramatize a "sweet shop." Each child spending his dime (together with other children's spending) has significant implications. The spending (demand) affects the amount of sweets that will be sold, and the price. The quantity demanded affects the number of people employed in ice cream and candy factories and says to the producer, "Keep producing."

Children should understand that all businesses and industries operate in the hope of making profit. In choosing a business the businessman considers the demand for the goods and services he will produce before he goes into business.

Let children pretend they are going into business. Let them name some things they would produce because of consumer demand, and some they would not produce. If nobody wanted brick houses would builders keep building brick houses? (Review Area IV, OVERVIEW)

Would the contractor have built your home if he had not been paid the price he asked for building

Economic Understandings (cont'd)

produces education, the farmer who produces food materials, produce and sell to people who have the income to buy with and are willing to buy a product at the price at which the producer is willing to sell.

When people educate themselves or train for a job or occupation they are preparing to produce a good or service people will buy, or sell their services to a producer.

Competition is one of the basic characteristics of our market system.

Classroom Applications (cont'd)

1&7 (This helps to answer the question, "For whom to produce?")

Let children:
--bring to class pictures of occupations. Talk about the necessary training and the advantages and disadvantages of the different occupations.
--draw themselves in occupations they think now they would like.

Help them to appreciate the fact that in this country people can choose the occupation they wish to be engaged in.

Markets compete against each other for consumer business:
--they are arranged for the convenience of the customer.
--they make use of modern machinery, easy to reach locations, parking space, telephone service, packaging, and quick service.
--they display attractive advertising.
--they try to make the best product they can for the price they charge.

Classroom Applications (cont'd)

Let children:

--role play competitive business managers
--set up competitive lemonade stands in the room for a day
--tell when they have bought a "pig in a poke" because it was packaged beautifully
--talk about competition they see in markets or other places
--talk about times when they have competed for something they wanted.

Getting goods and services from producer to consumer requires many workers. All of them must be good workers if the business is to serve consumers efficiently.

Evaluation: Are the children beginning to see the impact their spending and their family spending has on what is produced and what stores stock?

Can they see that the prices of goods make a difference in whether people buy them or not? Are the children beginning to recognize and look for signs of competition between markets?

Area IV PRIMARY III The Market Economy of the United States

The market economy of the United States, which we describe as the private enterprise market approach, is called by several different names--free enterprise, the market economy, and American capitalism--all of which add up to the same thing: decentralized market decision making.

Economic Understandings

It is not expected at this level that children will name or define the market system. It is more important that they develop a feeling for some of the basic characteristics of the system which may increase their appreciation for the system as they continue to expand their understanding of it.

Two of the main characteristics of the system will come within the conceptual understanding and interest of children at this level:

--The right to private ownership of property.
--The right to make their own decisions at the market.

It may be necessary to point out the fact that not all people in the world have this privilege.

Another understanding that is well within the grasp of this level children is the decision of what to produce. This is another basic characteristic of the market economy.

Classroom Applications

Lead children to consider some of the advantages of living in their own homes, choosing their own work, and buying what they want and can afford.

Find pictures in newspapers and magazines to show the ways different businesses organize to sell the same product--bakeries, service stations, fruit stands, shoe stores, drug stores.

Not only do Americans have a wide choice of goods and services to choose from, but they have a wide choice of places to buy these goods and services and the freedom to buy where and what they choose.

The goods and services they choose to buy will continue to be produced. Name these.

The goods and services they do not choose to buy will not continue to be produced. Name some that have been in the stores but are not there any more because people didn't buy them.

The markets where people choose to buy goods and services will grow.

The markets where people do not choose to buy will go out of business or make a poor living for the owner.

Economic Understandings (cont'd)

In the market economy it is the producer who decides how to combine and use productive resources in production, but it is the individual and the groups of individuals--you, your family, and other groups of people all over the country--who decide what will be produced. They decide what is produced by their "dollar votes," demanding certain goods or services at the market.

Transfer payments are income of any kind for which there is no current production (welfare, unemployment pay, gifts, etc.).

Classroom Applications (cont'd)

(Such discussion will lead children into an awareness of the part competition plays in their choices. Competition will be dealt with more adequately at the next level but it is another basic characteristic of the market system and should not be overlooked.)

What would happen to the people who had worked for a business that was so unsuccessful it had to go out of business? This could call for some real thinking that would bring into focus the things children learned in Area III.

What are the qualities producers want in human resources?

Would some of the dismissed employees live on transfer payments until they find jobs?

Emphasize the importance of the consumer's choice in the markets with questions such as:

--How does the grocer know what products to keep on his shelves?
--What is your favorite cereal? What will probably happen if no one else likes that cereal? (Storekeepers will not stock it.)
--What will happen if a great number of people prefer that cereal? (Storekeepers will continue to stock that product.)

Explain that every time the consumer buys a product he is voting for that product to stay on the market.

Develop the idea that farms and factories will produce what the retail stores will buy. The retail store will stock what consumers in that area will buy.

Economic Understandings (cont'd)

When consumer demand for a product decreases, the price of the product tends to fall.

When the demand is greater than the supply, the price usually goes up.

One of the functions of government is to keep businesses from using unfair competition practices--such as false advertising, etc.

Classroom Applications (cont'd)

Discuss some rules that an entrepreneur going into business needs to remember. For example:

--He must choose a product the consumer will buy. (Which would sell better, hoop skirts or mini skirts?)
--He must be able to sell at a price the consumer is willing to pay. (Would you be willing to pay $2.00 for a haircut when you could get the same service for $1.00 in a different shop?) Maybe you would. Why?
--Would you pay as much for Rock and Roll records now that Beatle records are in favor?

Discuss with children situations in the community in which excess supplies of a product will cause the producers to lower the price in order to sell the product. For example:

--Christmas card sale after Christmas
--Clothing sale at end of season
--Records that are no longer popular

Ask children to discuss with parents, and to look for examples of government rules that regulate the conduct of business. For example:

--Price regulation of public utilities
--Weight and measure records on canned and packaged goods
--A meat inspection stamp
--Inspection of business firms such as food markets, restaurants, beauty shops.

Classroom Applications (cont'd)

Invite one well-informed person to talk to the class about the ways the government protects us from impure foods and dishonest practices in food stores.

The State Health Department will provide people for this service.

Resource Suggestions:

Books:
Eichner, James A. The First Book of Local Government. Franklin Watts.

Songs:
Lenski, Lois. When I Grow Up. Henry C. Walch Inc.

Filmstrips:
It Pays to Save. McGraw-Hill Book Company.

Evaluation: Are the children developing a deeper appreciation for their many freedoms?

Are they building appreciation for the importance of the consumer's choice in the market?

Do they understand how the telephone, newspaper, radio, and television help both the producer and the consumer of goods and services?

Are they beginning to see some of the services government provides for consumers, other than the usual ones named: highways, parks, defense, schools, etc.?

Area IV GRADE IV The Market Economy of the United States

The market economy of the United States, which we describe as the private enterprise market approach, is called by several different names--free enterprise, the market economy, and American capitalism--all of which add up to the same thing: decentralized decision making.

Economic Understandings

We use the term economic system to describe the organized way in which people of a society go about making decisions with respect to the use of their productive resources. The market system of the United States determines the answer to three basic questions:

--What goods and services to produce (consumer decision)
--How goods and services will be produced (producer decision)
--For whom goods and services will be produced (A market decision determined largely by consumer income and consumer willingness to pay the price charged for one thing as compared with another.)

Classroom Applications

Discuss why we can't have everything we want. Lead children to understand that the need for an economic system arises because we cannot have everything we want and some things are more important than others (food, clothing, shelter, transportation). Discuss how choices should be made.

Compare the Indian economic decision-making methods with that of the early pioneer system. Did they have anything in common with the United States market system of today? Did they have to answer the same questions: what, how, and for whom to produce?

Form committees to study each of the above systems. Make use of language arts textbooks and instructional materials as well as the social studies materials.

Point out the fact that the Indians' goal was not growth and stability of the community, but it was of necessity, "self-preservation."

The pioneer market system gradually replaced the traditional static economy of the Indians. It was not as advanced but it had many of the same characteristics as the present market economy in that:

Economic Understandings (cont'd)

In our economy people are free to choose the occupation or business from which they will receive income. They are free to buy and sell goods and services. These are two of the basic characteristics of the private enterprise or market economy system.

People choose an occupation because of high income, job satisfaction, prestige, the special talent or training they possess, the opportunity it provides for steady employment, or the hope of profit.

Discuss why people go into business. See dictionary of economic terms for meaning of profit.

Consumers basically determine what will be produced and what will be stocked by the way they spend their money in the market place.

Classroom Applications (cont'd)

--Some goods and services were produced for sale.
--People were free to own and make use of productive resources.
--People were free to buy and sell on the domestic market.

The family was the economic unit of the very early white settlers in America. The family made the economic decisions.

--For what would they use their cleared land?
--For what would the hand woven cloth be used?
--What would they spare to trade for something they didn't have?
--How much of the corn would be saved for seed?

Make a list of ways people earn income (teachers, doctors, plumbers, postmen, etc.).

Ask children to talk to their parents about why they chose their occupations. Tell where they work, what they do, and whether they produce goods or services. Make a mural to summarize the productive activities represented by the room.

With questions selected from the field trip guide (included in this publication) and class questions, send a small committee to interview a local businessman on why and how he went into the business. End the interview by asking the man what he values most about the private enterprise system.

Invite a businessman to talk to the class. Have questions ready to ask, such as: How did you come to think of starting this business? Why was this

Economic Understandings (cont'd)

The decision to purchase an article is based on price and quality of the product along with the need and desire of a consumer in relation to his income.

Government attempts to prevent unethical business practices in order to protect the consumer.

Be sure students have a conceptual understanding of monopoly as it is used here.

Monopoly means in simple terms, one seller of a certain product. When there are no other sellers, that seller can fix his own price and quality. Monopoly virtually eliminates competition.

Classroom Applications (cont'd)

location selected? What do you produce? What productive resources do you use? Did you need savings? Who are your customers? Do you have any competition in this type of business? How does advertising influence consumer demand? What does it mean to you when people quit buying a certain product? To whom do you relay this information? What does he do?

Discuss the way the manager of a supermarket decides what goods to sell in his store, when to purchase, and what quantity to buy? What happens if he overbuys a product? (You are laying some groundwork here for understanding of the cause of instability.)

Discuss the fact that not all producers earn the same income. How do you spend your allowance? How does advertising affect your decisions? Let children collect examples of advertising that are addressed to children. Discuss when it would be wise to spend one's money for such items.

Make a collection of labels from different products. Discuss the information on the labels. Why should customers have this information?

View the film, "Getting Your Money's Worth." Discuss: monopoly, natural monopoly. Why are utility companies natural monopolies?

The government tries to maintain an environment in which an individual is free to work, to spend, and to pursue private and group opportunities conducive to general well-being.

Application: View filmstrip, "You and Your Government." F.O.M.

Evaluation: As a means of evaluating the effectiveness of this study let the class members pretend they are the only inhabitants of an island out in the Gulf of Mexico. Have the students make a list of their economic needs. Then make a list of the productive resources on this island. Use the chalkboard to make the class list.

Discuss the following questions:

1. Should the natural resources belong to the group as a whole or be divided among them?
2. Should each person decide for himself the job he will do or should the group decide?
3. Should they keep for themselves everything that they produce or should they divide with others?
4. What should they do about the ones who do not produce enough to live on? If they decide to share, should all have the same? Or should the ones who produce more get more?

As the children work through the above problems, have they discovered that a plan or organization will be needed to solve these problems? Would one person or one small group of people be able to make these decisions to the best advantage of all?

Area IV GRADE V The Market Economy of the United States

The market economy of the United States, which we describe as the private enterprise market approach, is called by several different names--free enterprise, the market economy, and American capitalism--all of which add up to the same thing: decentralized market decision making.

Economic Understandings

To understand our heritage and something about the historical background of American Capitalism it would be necessary to go back to the place where civilization began--to Mesopotamia, to Egypt's Nile River Valley, and to parts of China.

It would be necessary to go back to man's discovery of metal--first copper, then tin, and finally about 1000 B.C., the discovery of iron ore, all of which gave him some control over his environment, and started him on the road to building better tools and making better use of resources.

To understand how we came by our American heritage--the market economy--it would be necessary to trace history from the time people settled along the Nile River in Egypt to the Magna Carta, and beyond that into modern history in which Americans themselves took a hand in directing the political and economic course this country was to follow.

The economy of the United States is highly specialized and industrial. It has reached an advanced stage of technology which, in a consumer-directed system, adds up to a high standard of living.

Classroom Applications

At this level much of the study will be directed toward organization of the understandings that have already been developed in this Area, and applying them to events and transitions in history and to the economic activities going on around the student every day.

The fifth grade social studies program, which centers around the United States, probably offers the richest opportunities for developing understanding of how a private enterprise system works, and the privileges and advantages of such a system, of any level of education.

The literature, the music, the art, and the lives of the people who wielded such influence through their cultural, political, and financial leadership, as well as the "man with the hoe," all reflect the steady growth of the country and the strong interrelationship of the political and economic systems.

Unless these different areas of the curriculum are tied in with the social studies program much of the feel of what goes into a system such as ours will be lost.

Review the nature and functions of the economic system in the Area IV, OVERVIEW.

Economic Understandings (cont'd)

The market economy is a basic part of our way of life in which:

--the means of production are privately owned and controlled.
--each person is free, within some limits, to make his own decisions.
--each man's income is roughly in proportion to what he can produce.

The end purpose of all economic systems is to supply goods and services to satisfy man's wants and needs.

Since no country has enough productive resources to provide everything society wants, each society has had to find some organized way of allocating (dividing according to a plan) the scarce resources when there are several different ways they could be used.

The plan we chose in our own country is called the Market Economy or the Private Enterprise system. It has endured very well because it is consistent with our political system. The emphasis in both democracy and the Enterprise system is on the importance of the individual.

The basic decisions that must be made in any economy are:

--what and how much consumer and capital goods and services to produce.
--how to organize resources for production.
--who shall get the goods and services that are produced.

Classroom Applications (cont'd)

Discuss the meaning of the conflict between unlimited wants and limited resources.

As the characteristics of the Market Economy (set forth and described in Area IV, OVERVIEW) are reviewed, relate the findings as closely as possible to the uses the country has made of its productive resources and the motivation that resulted from the right to own and use these productive resources.

Also these characteristics should be related to the student's own part and that of his family in making the decisions of what, how, and for whom to produce. (This Area is tied very closely to all of the other Areas, and the OVERVIEW of each Area should be reviewed by the teacher before going into this part of the Guide.)

Be sure students have a conceptual understanding of:

consumer	competition	supply
producer	regulation	resources
consumer demand	risk	consumer
profit	incentive	directed
obsolescence		consistent

Compare the freedoms set forth in the Bill of Rights with the basic characteristics of the Market Economy or Private Enterprise system of the United States.

Economic Understandings (cont'd)

In a consumer directed economy, the term means just what it implies. Through their own choices when they are spending their own dollars at the market, the consumers are casting votes which, when they are combined with the votes of other consumers, tell the producers what to turn out.

The economy of the United States is essentially a market economy, but governmental action affects its operation in various ways.

Classroom Applications (cont'd)

Many people complain about the quality of entertainment that is offered to the public through certain media, but as long as the public supports the quality that is offered by dollar votes they are saying in effect, "This is what we want."

Let the students organize the following economic activities engaged in by government under the following generalizations.

1. Providing goods and services
2. Regulating business, industry, and labor
3. Preventing sale of questionable goods and services
4. Insuring fair price labor

Governmental Activities

--All meat sold must be inspected by state or federal authorities.
--Stock certificates of ownership of a corporation cannot be sold without a permit.
--Canned goods damaged in shipping cannot be sold.
--All packaged goods must be marked with the correct weight.
--Government hydroelectric dams have been built on the Arkansas and White Rivers.
--National Park forest rangers are employed.
--Certain drugs cannot be sold without a doctor's prescription.
--All businesses and industries, with a few exceptions, must pay a minimum wage.

Economic Understandings (cont'd)

Competition is the main regulating force under which producers organize to make best use of scarce resources to produce the goods and services that will sell at a profit because they satisfy consumer wants at a price consumers can pay. Government is a supplementary regulator.

Competition lies so much at the heart of a market economy that one of the functions of government is to insure competition.

This part of this Area is dealt with very well in a class project, "Competition," Vol. II, Chapter V, Enterprising Education Experiences of Enterprising Teachers, The Joint Council on Economic Education.

Classroom Applications (cont'd)

--Any worker working over a certain number of hours must be paid for overtime.
--Labor unions must issue periodic financial reports to members and the government.
--Farmers receive protection from price declines (price supports) from the government on some goods produced, such as cotton or rice.
--When the supply of chickens, peaches, rice, and eggs is greater than the market demand, the government buys the surplus for the school lunch program.

Show how government influences allocation of resources through its taxing and spending.

Point out to the students that the advantage of competition is that it forces a seller to use productive resources as efficiently as possible, and pass the benefits of such efficiency on to the consumers in the form of both price and quality.

Point out also that monopoly is the opposite of competition. The monopolist is the only seller in the field. There is no other place where the consumer can buy his particular product. (If one company owned all of the automobile sales companies, we could not shop around for lower prices.) The monopolist can, if he chooses, lower the quality of the product, and raise the price. He can still keep his customers because they have nowhere else to buy.

Review the laws that have been passed to prevent monopoly and insure competition, and tell what kind of economic activity caused the law to be passed:

Economic Understandings (cont'd)

Economic gain is the motivating force in a market economy. It is not always the profit realized, but the hope for it that provides the incentive that induces people to go into business or production at the risk of loss or gain.

To realize profit, business must make efficient use of productive resources in order to meet the prices of competitors and still come out with earned profit.

Profit and competition go hand in hand.

The third decision an economic system has to make, "Who shall get the goods and services that are produced?" is also decided at the market. It may sound like a harsh decision, but it is a fact that the share of the country's production each one of us can buy depends on our overall income. People may have income from more than one source, but if we consider the income we get from our work alone, the amount of the goods and services that we can buy depends on how much our employer is willing to pay us for our services.

Classroom Applications (cont'd)

--the Sherman Act (1890)
--the Clayton Act (1914)
--the Federal Trade Commission Act (1914)
--the Robinson-Patman Act (1936)

Some businesses are natural monopolies. The public utility companies are monopolies, but they are regulated by government instead of by competition because this is considered a more economical way of serving the consumers.

Why do we say a merchant must risk to make a profit? Discuss the meaning of the term "incentive" as it relates to <u>risk</u>, and <u>profit motive</u>.

To illustrate the effects of incentive ask this question: If your mother asked you to mow the yard, which of the following would you respond to the quickest?

--if she offered you nothing
--if she offered you a glass of lemonade after you finished
--if you were offered $2.00 for completing the chore

The decision on "who shall get the goods and services produced" is dealt with in Area VI, The Circular Flow.

It is not practical to try to develop all facets of the economy in this brief publication. The teacher will need to make use of the suggested and other resource materials to increase her own knowledge and to assist her in planning activities.

Economic Understandings (cont'd)

At the core of a market economy is the law of supply and demand.

The market price is the amount of money for which a product or unit of production (the resources needed for the production) is actually sold.

The quantity sold means the number of the product or units of production sold during a certain time.

--the demand means the amount consumers would actually buy at various prices at a particular time.
--the supply means the entire amount the producers would offer for sale at various prices at a particular time.

The supply usually depends on the price that would be paid for the product. (With all of the expenses incurred in the production, at what price can the producer afford to supply the product to consumers, and still make a profit for himself?)

Price of a product depends on the total supply of the product and the total demand for it at the market.

The price of a good or service is its money value at the market.

Changes in the demand for a product affects the price of the product.

Classroom Applications (cont'd)

The following examples illustrate how changes in the demand affect the price of goods:

--Bermuda shorts and bathing suits can be bought for half price in late August. Why?
--Sweaters and topcoats are cheaper in February than in October. Why?
--Why is it cheaper for a tourist to visit Florida in July than in January?
--Barbecue grills and camping equipment are cheaper in August than in April. Why?
--A new model car just on the market is more expensive than a new car of the same model twelve months later. Why?

There are many factors affecting supply and price which are too complex to explain at this level. However, the following examples will illustrate some of the factors:

--Why are watermelons more expensive in April than in July?
--What effects will a hard frost in late spring in the peach producing area have on the supply? How will this affect the price of fresh peaches?
--What happens when an entrepreneur overbuys a certain product? (Explain in terms of misjudging consumer demand.)
--How did consumer decisions result in an oversupply?
--What can he do to get rid of the oversupply?
--How will an oversupply affect the business' profit?
--How would an undersupply affect the business' profit?

List some reasons for the changes in consumer demand. What is the role of advertising in developing consumer demand?

Classroom Applications (cont'd)

Have each student bring an advertisement which would have strong appeal to a prospective buyer. Have the class select the advertisement considered the most effective. Why was this advertisement selected?

Should advertising be regulated or controlled? Why or why not? Discuss this to stimulate thinking. Don't try to arrive at a concrete answer. Is there some advantage in advertising in that it molds consumer goods into manageable groups? There must be some standardization of wants.

Discuss the term obsolete. Manufacturers of goods such as shoes, clothing, automobiles, and appliances place heavy emphasis on the sale of new models. Many consumers buy new models every year. Would "planned obsolescence" be a waste of productive resources or does this serve the customer?

Consumers are constantly changing their preference for goods and services. These changes are noted in the market by producers who produce more or less of a product or change what they produce.

Ask students to collect pictures of goods and services no longer in demand. Why are these goods and services no longer in demand?

Economic Understandings (cont'd)

In a market economy millions of people make these decisions instead of leaving the decisions to a Central Authority.

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Goldman, Rita Y. Young People's Story of Our Heritage. Childrens Press.
Havighurst, Walter. The Northeast. The Fideler Company.
Purdy, Claire Lee. He Heard America Sing: Story of Stephen Foster, with music from some of his songs. Messner.
Shippen, Katherine B. Miracle in Motion: The Story of America's Industry. Harper and Row.
_____. New Found World. Harper and Row.
Simon, Charlie Mae. Art in the New Land. E. P. Dutton and Company.

Supplementary Social Study Books:

Anderson, Howard R. This Is America's Story.
Cooper, Kenneth, and others. The Changing New World, chap. 15, pp. 252-271. Silver Burdett Company.
Haaby, Lawrence O., and others. Homelands of the Americas. Iroquois Publishing Company.
Living in the Americas, "How the U. S. Built a Strong Government." Macmillan Company.

Music:

Mursell, James L., and others. Music in Our Country, "Paul Bunyan," "America the Beautiful." Section, "Early Settlers in Our Land." Silver Burdett Company.

Films: (On free loan from Arkansas Department of Education, Audio-Visual Section)

Ancient World Inheritance, Number 481
Capitalism, Number 477
Daniel Boone, Number 149
Distributing America's Goods, Number 609
St. Lawrence Seaway, Number 5577

Economic Education Experiences of Enterprising Teachers, "A Fifth Grade Study of Our Private Enterprise System," Vol. IV, pp. 75-78 (Kazanjian Awards Program). Joint Council on Economic Education or Arkansas State Council on Economic Education.

Evaluation: The evaluation of this Area of learning should not be based on the number of facts the students have learned. Rather the teacher should evaluate in terms of the student's understanding and feeling about the limited picture of the way the economy works.

Does the student begin to understand that we live and work under an economic system that has a great deal to do with whether or not our material wants and needs are fairly well satisfied or not?

Are the students beginning to realize that "no man is an island," that every man is dependent on other members of society?

Are the students beginning to understand why a rich nation like the United States is still dependent on other nations?

Are they developing some recognition that a decision in any sector of the economy affects the whole economy?

As the students work their way through the recorded events in history, are they beginning to recognize and identify the impact of economics on many of these events?

Area IV GRADE VI The Market Economy of the United States

The market economy of the United States, which we describe as the private enterprise market approach, is called by several different names--free enterprise, the market economy, and American capitalism--all of which add up to the same thing: decentralized market decision making.

Economic Understandings

The prime function of an economic system is to satisfy our wants through the production and distribution of goods and services.

Allocation is a problem the world over.

Each society must decide:
--What (and how much) to produce
--How to produce it
--Who will get the goods or services produced

How these decisions are met determines the type of economic system a nation has.

Private enterprise is encouraged in many countries. Where private enterprise is encouraged, the emphasis is placed on the individual--consumer satisfaction.

Even though private enterprise is encouraged in many countries, the government usually has a limited role and produces goods and services that are vital to its citizens' welfare and could not be produced profitably by private enterprise.

Classroom Applications

Discuss the goods and services we have today and compare the quality and quantity with those of earlier times.

What (and how much) will be produced is decided by the consumer and his demand in the market in our private enterprise system. We "vote" each time we purchase goods and services. This is known as our "dollar vote."

How to produce the good or service? This is decided by the producers as they are motivated by the desire for profit.

Who will receive the goods or services produced? This is determined by the income level of the people. The higher the income the larger the share and vice versa.

Discuss: Why would anyone want to take a financial risk by going into business? (For profit) Discuss the importance of the profit motive in private enterprise.

Using the telephone directory, list the types of private enterprise (Yellow Pages) and governmental agencies (white pages). Help the children to understand that both are important and that they are interdependent.

Classroom Applications (cont'd)

Discuss fully the reasons for the government providing goods and services.

While talking, emphasize the fact that both government and private enterprise must have the capital in order to produce. But the government gets its capital from tax sources called revenue, and private businesses rely on private sources for their capital.

Review the bulletin board constructed in Area III to emphasize the different types of private enterprise:

--Proprietorship
--Partnership
--Corporation
--Cooperatives

Resource suggestion:
Text--Calderwood, James D. and Fersh, George L. Economics in Action, Chap. 4. Macmillan Company.

As an extra challenge, you might want to let the children learn to read the stock sheet in the newspaper. Have each child bring to school a copy of the stock exchange activities for one day. (They need not be the same day.) Using an overhead projector, teach the children how to read a sheet.

This is not an isolated activity, designed simply to teach the child something about the stock exchange. Instead, you are strenthening his understanding of our private enterprise system for each share of stock represents ownership in the corporation chosen. Private ownership and enterprise is encouraged in our society and this is tangible proof.

Relate the "ups" and "downs" with world affairs. If a stock has gone down in price, discuss the reasons. It could be a stock split, of course but it is usually other things--wars, natural disasters, consumer demand changing, etc. The newspaper is especially helpful here.

Many industries in Arkansas are listed in the national exchanges. Relate these industries to those importing.

Economic Understandings (cont'd)

Some countries depend on a centralized or a command system in which the government makes the decisions and owns the productive resources. There the emphasis is on the government or party.

Competition plays a vital role in a free market.

Competition has brought us more and better goods and services at prices the average person can afford.

One of the functions of government is to regulate and guarantee competition.

Most economic systems today are mixed. That is, both private enterprise and government produce goods and services for the people. Its type depends on the "mix" or which sector is the larger producer.

Economic systems may change as the needs arise and the values of the people change.

Political systems--whether democratic or non-democratic--contribute to economic growth.

As you introduce and study each country, find out whether or not private enterprise is encouraged.

Classroom Applications (cont'd)

Define the role of the government in our economic system. Primarily, it is one of establishing rules and regulations.

Look at the ways that local businesses compete with each other through advertising, trading stamps, services of all types, hostess rooms, credit cards, etc. Enlarge your study to businesses all over the country.

Later you can compare these ways with those of competition on a world basis--including credit. Note the similarities.

Resource suggestion: "Competition," Economic Education Experiences of Enterprising Teachers, Vol. II, p. 49.

Discuss the role of our government as it seeks to make and enforce laws for the protection of each individual. Again, stress the emphasis placed on the individual. You might choose to discuss and list the ways that the government protects the consumer through health and safety rules and regulations. (See lower grade studies of the function of government.)

Discuss feudalism during the Middle Ages as an economic force. Ask: Do you think it fits the definition of an economic system? Why was it not satisfactory? (Disorganized period of time--poverty widespread--too little freedom for the masses, etc.)

Look at the three great religions of the world, and ask how religions have affected the growth and development of nations economically.

Classroom Applications (cont'd)

Suggested resource: Fitch, Florence, Allah, Lothrop, Lee and Shepherd Company.

Films: (Available from Arkansas Department of Education, Audio-Visual Section)
"Capitalism," No. 477
"What Is a Corporation?" No. 1135
"Work of the Stock Exchange," No. 84

Evaluation: Do the students have conceptual understanding of the basic characteristics of the market economy of the United States?

Are students beginning to understand that an economic system is a necessity for any country because there are more human wants than can be satisfied with the scarce resources? Some systematic way of ranking competing desires and making allocations is required.

Do students understand the basic differences between the way a market economy such as ours and the different centralized decision-making systems make the decisions of what to produce, how to produce, and for whom to produce?

ERIC

NOTES

Economic institutions are creations of man for man, devised to make the wheels of the economy run smoothly. They are a means to an end and not an end within themselves.

Ideas, mores, and customs that seem to work become institutions through constant use. Farms, markets, schools, chambers of commerce, and the organizations of labor unions, such as the bargaining table, are all institutions. There are many others.

Some institutions are so necessary to our well-being that they have been written into law and supported by government.

We have already discussed the institutions of private ownership of property, decision making through the market mechanism, and the regulation of economic activities through competition. Now we must make mention of another institution which is the financial institution. Financial institutions serve many purposes but the one characteristic that is common to all of them is that they bring together the voluntary savings of people, pay interest for the use of the money, and in turn channel the money to individuals and businesses that need it at the time. At the elementary level, children should understand the role of money as income and what its functions are before they go very far into financial institutions.

Money is only as good as its power to buy goods and services. It is not worth anything if factories and businesses do not produce goods and services.

In a market economy, goods and services are exchanged through the use of money, banking, and credit. Our money is in the form of coins, currency, and demand deposits. Demand deposit is so called because the depositor can get his money from the bank "on demand" any time by writing a check. About 90 per cent of all money used is in the form of demand deposits.

Other things could be used for money, and have been used. Barter was once practiced--goods were exchanged for goods. There may be still other changes in the future from what we now know as money. Our present monetary system has developed through time with the development of our market economic system.

Money income is the dollar income. Real income is the amount of goods and services the income will buy.

Higher dollar income may not mean higher real income. A man may earn $25 a day and be able to buy a week's supply of groceries for $25. If he gets a "dollar" income raise to $30 a week, his "real" income will not have gone up if the week's supply of groceries has gone up to $30.

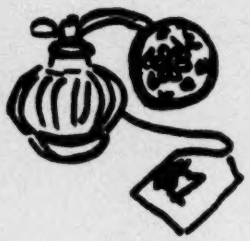
Money has three main functions:

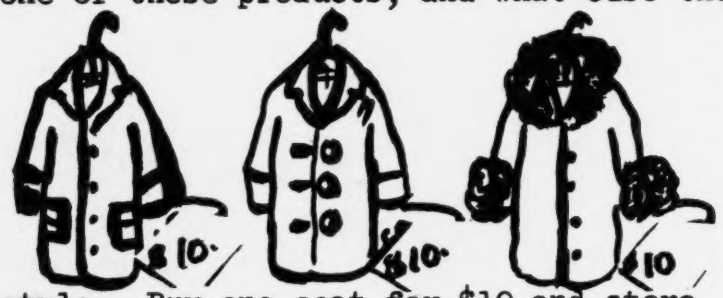
1. As a medium of exchange. Lower grade children can easily understand this if they have been dramatizing the unwieldy awkwardness of barter. (How would your father like to get his income in cows instead of a check if you lived in a high-rise apartment?)

2. As a common measure of value.

If several articles in a store window are priced, you know immediately what portion of your income or money you are going to have to give up for one of these products, and what else the money would have bought.

3. As a store of value.





Why buy all three coats at once? They may go out of style. Buy one coat for $10 and store the other $20 in the bank for future use.

The commercial bank is one of the first financial institutions elementary students recognize as a further aid to specialization and technology in narrowing the gap between limited resources and unlimited wants. Refer to Area I, OVERVIEW, and to the Flow Chart and business and industry chart to review the importance of accumulated savings in production. The history of money and banking, how money is moved, and where it is kept, will prove to be an interesting contribution.

Area V | PRIMARY I | Institutions

Institutions are creations of man for man. Economic institutions have been devised to help the economy function smoothly and efficiently.

At this level no attempt should be made to acquaint children with the real function of a financial institution, which is to channel money from savers to borrowers. The children should first learn about money--the kinds, functions, and use of money at the market.

Economic Understandings

The market is the basic institution of the American economy. It is the place where people register their individual economic decisions.

In earlier days people had no organized way of registering these decisions. They used the barter method of market decision making.

Under the barter method goods and services were traded for goods and services. If a man sold his goods, he had to take whatever goods or services that were offered to him.

Now that we have a credit and money system, we can have more choices. We can select the things we want because all of the sellers at the market will take money.

Classroom Applications

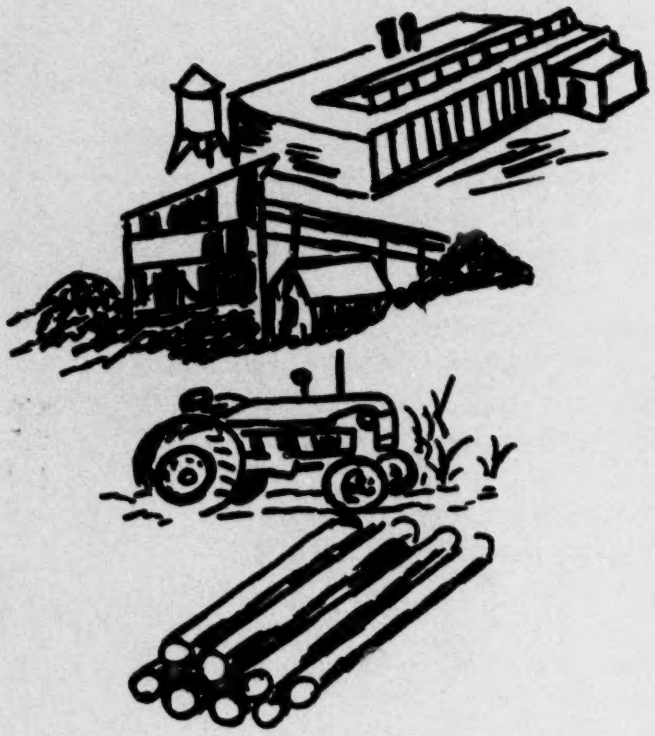
Engage the children in games in which they use money to register their decisions at a make-believe market. (Purchase the things they want.)

In child-made costumes let children dress the part and try to exchange farm products (goose feathers, pigs, etc.) for haircuts, shoes, etc., at play markets, or as they roam through the streets. Develop the accompanying dialogue with the children.

Films: Money and Its Uses, Encyclopedia Britannica.
Beginning Responsibility: Using Money Wisely. Coronet Films.

Stories: Jack and the Beanstalk.
Mr. Vinegar.

A market is a place where buyers and sellers meet. No longer do they trade with each other. The buyers select what they want and pay for it or charge it. Point out the advantages of this system over the barter system.



A MARKET IS A PLACE WHERE BUYERS AND SELLERS MEET

The seller puts a price on his goods. The price will be high enough to pay for all of the resources used in producing the goods, and have some money left over for himself. This is his pay for his work. (Profit.)

The buyer does not have to barter with the seller--he takes money to the market, either a check or currency or a credit card. He can buy anything he has the money to buy. Any seller will accept money in exchange for goods.

Economic Understandings (cont'd)

A credit system is a way of buying without cash and paying for what was bought at a later time or in small amounts while the product is being used.

There are three kinds of money:
--coins
--currency
--demand deposits

The dairy pays Anne's father with a check. When he deposits the check in a bank it becomes demand deposit money. He can use this money by writing checks to pay bills and buy what the family wants.

Classroom Applications (cont'd)

Through class discussion and discussion with parents, clarify the credit system of buying.

Make use of true dictated stories to illustrate.

"We have a new piano. It cost several hundred dollars. We could not pay all of the cost at once. My father works at a dairy. He is paid a salary. When he gets paid he pays part of his salary to the piano company."

What are the advantages of demand deposit money?

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Evaluation: As in most of the areas of study in the guide, the effectiveness of the activities at first grade level should measure increasing awareness of environmental economic activities.

Area V	PRIMARY II	Institutions

Institutions are creations of man for man. Economic institutions have been devised to help the economy function smoothly and efficiently.

Economic Understandings

Institutions are practices or devices people follow to make it easier to get things done. The school is an institution.

Consumers use money to pay for goods and services. Producers use money to pay for the productive resources used to produce goods and services.

The bank is a convenient institution through which money is channeled.

There was a time when money in its present form was not used. People traded one good or service for another. This was called barter.

At different times and places such things as beads, rocks, shells, and other things have been used as money.

Classroom Applications

To develop conceptual understanding of the advantages of one institution, let the children dramatize a teaching situation in which children are scattered all over the community as shown by the street tags they wear or the name of their rural community. One child who is the teacher tries to go to the home of each child to teach the child. Think of all of the difficulties that would be encountered and the likely outcome. Compare this with the institution of school where the teacher can keep all of the teaching aids together, and can teach children in groups when they come to school. Name other advantages.

Make the same comparison with banks. Imagine what it would be like if people had to keep all of their money at home. Sometimes businesses and individuals need to borrow money. Financial institutions offer this service.

Resource suggestion: Winnie and Billy, American Bankers Association.

Let children bring a toy to school and barter it just for the day. Do they always get the thing they really want?

Put a price tag on the toys the next day. Give each child some money and let them discover how much easier it is to use money in exchange. Make up other such barter games.

Economic Understandings (cont'd)

In an age of specialization when most goods and services are purchased at a market, it is necessary to have a convenient money system. Money is an easy tool for making an exchange for goods and services, and one that can always be used.

Money serves as a measure of the value of something you buy or in relation to your income just as you measure your height or how far you can jump. If you have a dollar a week allowance and you spend 50¢ for a movie, you have spent one-half of your allowance. You can look in a shop window and measure the worth or value of the movie by the good in the window you could have bought for 50¢. You couldn't do this in bartering.

Money also serves as a store of value. People don't have to spend it all at once for something that may go out of style or decay. They can put it in a bank and know it is stored in a safe place so it can be used as they need it.

They also know by looking at the price of things what the buying value is of the money they have in the bank.

Families and individuals sometimes decide to save their money for something they want very badly.

When people put money in a savings bank they are lending the money to the bank. The bank pays interest for the use of the money.

Classroom Applications (cont'd)

Stories to read: Mr. Vinegar; Jack and the Beanstalk

Price the toys children have brought to school in even amounts that make it possible for them to see that some things cost twice or three times as much or one-half as much as another toy. This shows a measure of value.

If you want a toy or any good valued at $2.00, you can't buy it with one week's allowance. You buy something of lower dollar value or save for it.

This affords the opportunity for helping children to reason about values. Look at the resources used in the different-priced articles. Scarce raw materials? Skilled labor? Partially handmade or all assembly line produced? Prices are not placed on a product arbitrarily. The more expensive have a higher measure of value usually because they are produced with scarcer raw materials, more skilled human resources, and more expensive capital tools.

If Eddie Kendall spends his dime for two ice cream cones at once, what happens? Would it have been better if he had bought one and eaten it and then bought another if he wanted it? Money doesn't melt in your hand.

Sue has $50 in the bank. The kind of bicycle she likes costs $25. Her money measures up to two bicycles. Would she be wise to buy two bicycles at once? Or should she leave $25 stored in the bank and buy one bicycle?

The children who have money in a bank or whose parents have deposits in a bank might take the

Economic Understandings (cont'd)

Banks lend money, and for this loan they collect interest. (Some children may be able to give examples of family borrowing and lending of money or some big things they have saved for.)

Classroom Applications (cont'd)

rest of the children to visit their bank. If transportation prohibits this, let one child write a letter to the bank asking some questions about location and services and asking for a picture of the bank.

Later the children could write stories about their own or other banks.

The commercial bank is a financial institution.

It is a private enterprise. People own the bank, but they use other people's money. They pay these people interest for the use of the money. The interest becomes income.

Banks lend money also.

Book: "Saving for Something Big," Jackson, Work Around the World, Silver Burdett Co.

Film: It Pays to Save, McGraw-Hill Book Co.

Evaluation: Can the children begin to see some of the advantages of the institutions that have come into use?

Area V	PRIMARY III	Institutions

Institutions are creations of man for man. Economic institutions have been devised to help the economy function smoothly and efficiently.

Economic Understandings

Economic institutions are creations of man for man, devised to make the nation's economy run smoothly. They are a means to an end and not an end within themselves.

Ideas, mores, and customs that seem to work become institutions through constant use.

Farms, markets, schools, chambers of commerce, labor unions, and many other such arrangements are all institutions. (Review Area V, PRIMARY II)

Classroom Applications

To introduce the topic of money, read and discuss stories of the exchange of goods and services made without the use of money (barter).

Discuss the inconvenience of finding someone who wants what you have and who also has what you want. For example:

--A farmer who has butter but not corn may have trouble finding someone who has corn and wants butter.

To point up the need for a standard measure of value, motivate discussion centered on the question, how do we decide what is worth what?

--Is a pound of butter worth a pound of corn, or more?
--If one cow is worth five pigs, what can you get for one pig?
--How many eggs must the farmer give his barber for a haircut?

Ask the children to plan original stories to dramatize barter. Example:

Mrs. Burton had some chickens she wanted to trade for some apples. Mrs. Smith had the apples but she did not want the chickens. She needed to replace a rosebush. Mrs. Brown, who

Economic Understandings (cont'd)

Financial institutions bring together in a building called a bank, the money people want to save for future use. The banks pay the people interest on their money.

The banks lend the money to businessmen to use in running their businesses.

Why did specialization create a need for the financial institution?

The businessman has to pay specialists like engineers, bookkeepers, salesmen, dress designers, and electricians to work for him. How would he pay them while he is producing if there were no financial institution to borrow from?

How would he buy capital tools he needs?

Banks are a very necessary part of production.

In a market economy, goods and services are exchanged through the use of money.

Our money is in the form of coins, currency, and demand deposit. Demand deposit is called by this name because the depositor can get his money from the bank "on demand" by writing a check.

Money has three functions. Review the treatment of this in Area V, PRIMARY II.

Classroom Applications (cont'd)

grew roses, had the rosebush but could not use the apples. She was having company and could use the chickens. Finally, Mrs. Burton traded the chickens to Mrs. Brown for the rosebush and then traded the rosebush to Mrs. Smith for the apples.

Set up a trading market in the room where children may bring inexpensive articles to trade. The more articles traded, the more apparent will be the need for money.

To further emphasize the general need for a medium of exchange acceptable to all, use role-playing devices such as the following:

Let one child be the proprietor of a store. Others may be doctors, teachers, lawyers, barbers, bakers, mechanics, and such. Let them discover the difficulties involved when all these customers try to exchange their goods or services for the store goods at the same time.

Find out different things that have been used for money.

Summarize the disadvantages of barter:

--Getting what you want might require many trades.
--Values are hard to compare (how many eggs for one cow?).
--Barter materials may be hard to transport (how would you carry cows to trade for gasoline on a long trip?).

Economic Understandings (cont'd)

The commercial bank is a financial institution.

Classroom Applications (cont'd)

--Barter materials are hard to save for long periods (apples would be hard to store until you were ready to trade them for college).

Note that instead of exchanging goods and services directly, we work to obtain money then exchange this money in markets for the things we want.

Don't let the children lose sight of the fact that goods must be produced before they can be bought at the market.

Discuss types of currency and other monetary media used today.

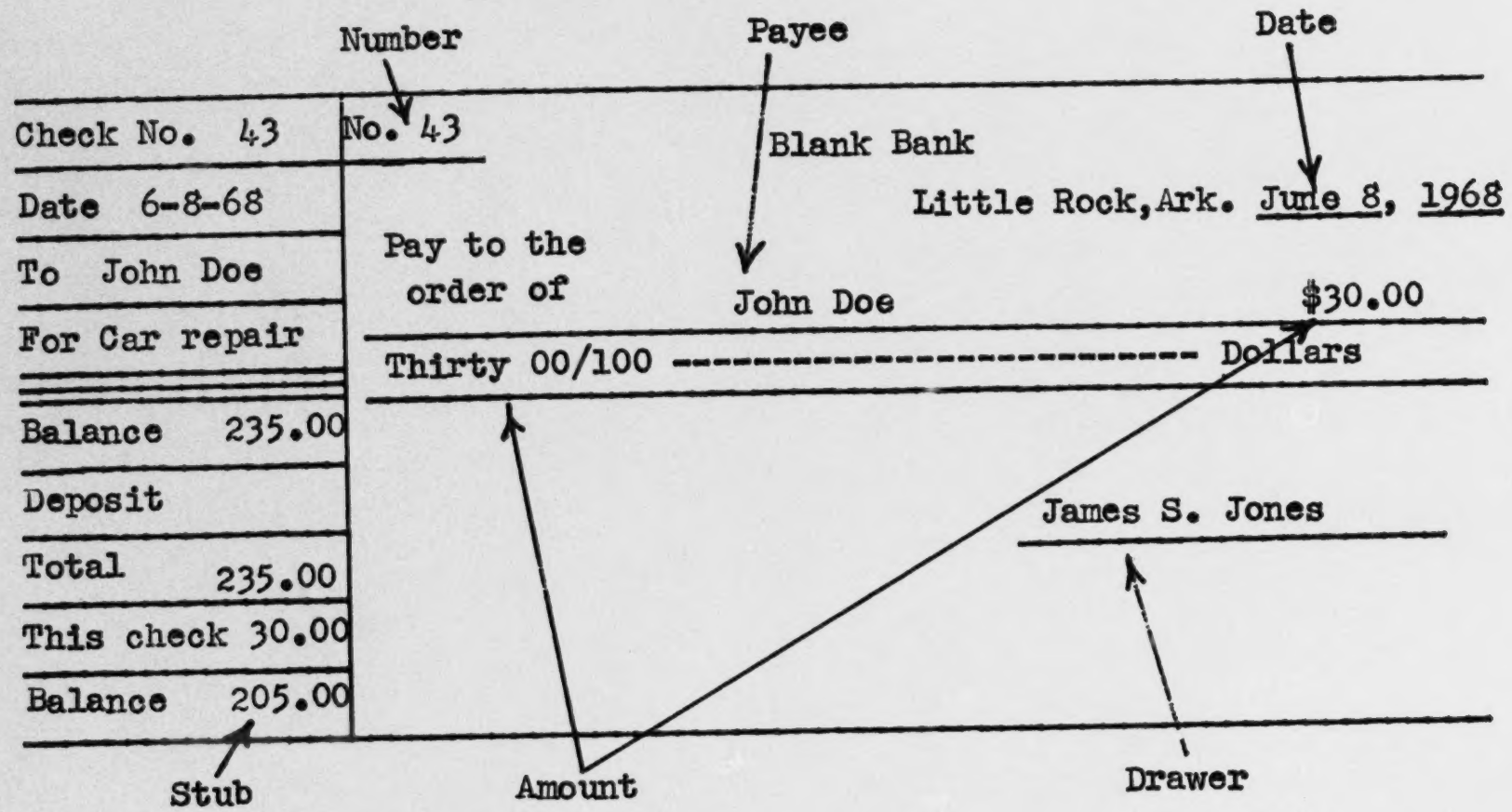
To introduce banks as institutions for saving money and assisting in its management, discuss topics such as the following:

--Most of the money people deposit in the banks goes to work by being loaned to people who need to use it.
--People deposit money in a savings account when they want it to stay a long time.
--Most money used is in the form of checks.

Clarify as simply as possible savings accounts and checks.

Classroom Applications (cont'd)

Explain the information on checks by making a large copy of a check on a chart:



Evaluation: Are the children beginning to understand the role of money in the exchange of goods?

Are they developing some understanding of the value of banks as institutions for saving money and assisting in its management?

Area V	GRADE IV	Institutions

Institutions are creations of man for man. Economic institutions have been devised to help the economy function smoothly and efficiently.

Economic Understandings

Specialization and trade narrow but do not close the gap between scarce resources and man's wants, so we must have institutions.

The commercial bank is the financial institution with which students at this level are most familiar.

In addition to the personal accommodations of this financial institution (developed to some extent in lower grades) students at this level should be introduced to the larger concept of the bank as a means of financing business transactions and production, which is the one thing all financial institutions have in common.

The bank brings the voluntary savings of people to a convenient location, pays the people interest for the use of the money, and then makes the money available to businesses and individuals who need to borrow money.

As a broad base upon which to build understanding of the need and function of financial institutions the study of money and its functions should be expanded beyond what has been covered in the lower grades.

Classroom Applications

Be sure children have a conceptual understanding of some different kinds of institutions. Review the work done in this area in the lower grades and expand on it.

The best possible way to develop conceptual understanding of this function of the commercial bank or other financial institution is through the combined use of the "Flow Chart" (see Area VI, "The Circular Flow") and the "Growth of a City" (chart shown in the unit, "The Urban Community," Area II, GRADE IV).

At the conclusion of both studies, Areas V and VI, place the two charts side by side. When part of the money the workers receive as income is pulled out of the flow of money and placed in a savings account, what happens to the money?

The bank channels it to the people in the center section of the "Growth of a City" chart and it gets right back into the flow again as these producers pay it out again as income for productive services and goods.

Teacher resource: Witchel Gordon, "Kinds of Financial Institutions," Introduction to the American Economy, D. C. Heath. (excellent).

Economic Understandings (cont'd)

Money is anything that is commonly accepted by everyone for goods and services and for paying off debt.

Money does more than buy the many goods and services which we use every day. It affects our standard of living through the way we make satisfying choices with the use of our income.

The barter system was an exchange or trade of goods and services used by our early settlers. Goods were traded for goods.

Today money consists of coins, currency, and bank deposits.

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While the chief function of money is to serve as a medium of exchange, it is also used as a measure of value and as a store of value.

Resource Suggestions:

Books: Russell, Solveig P. From Barter to Gold. Rand-McNally.

Film: What Is Money? No. 1059. Arkansas State Dept. of Education, Audio-Visual Section.

Classroom Applications (cont'd)

Make a chart listing things that have been used as money. Discuss the shortcomings of each.

Discuss what people use in exchange for goods and services today. Make a collection of money for display. (All types of coins such as currency, beads, shells, stones, etc.) Set up a money museum. Each child contributing something to the exhibit should letter his exhibit.

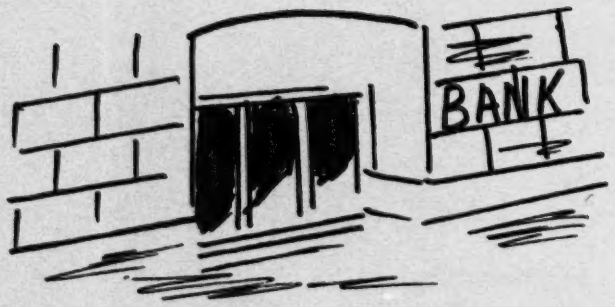
Dramatize a barter exchange. Have the farmer barter with the barber for his services. The farmer might pay the barber two dozen eggs for a haircut. It would work fine the first time, but next week the barber might need eggs and the farmer would not need a haircut. Let the children role play many examples of bartering. Read about and discuss barter exchange by our early settlers. (The French exchanged ribbons, beads, trinkets, for fur.) Examples can be found in studies of pioneer life.

Invite a representative from a local bank to visit the class and talk to them on how checks are used to substitute for money. Ask them to bring along any educational displays or literature about money that they would share with the children. Visit a bank to observe its many activities. Role play ways a product may be paid for.

Discuss the disadvantages of bartering.

Let children bring to class pictures of many common products and prices for each. Compare

Economic Understandings (cont'd)



We use our present form of money because it is portable, it is divisible, it is durable, and it is acceptable.

A bank is an institution that holds money deposits and makes loans. The bank performs a variety of social and economic services.

A bank is a private enterprise.

A bank and its depositors earn money called interest. People who borrow from the bank pay interest for the use of the loan. People who have savings deposits in the bank earn interest for letting their savings be used by others.

Classroom Applications (cont'd)

products and prices in order that children may discover whether it is easier to judge value by price or by comparing products.

Discuss the value of a piece of money. Example: Jack has a quarter. Mary has a quarter. Whose quarter is worth more? Jim has a dime. Is his coin worth more or less than Jack's? Will it make any difference if Jack lives in the Northern states or in the Southern states as far as the value of his dime? Use several examples with students to assure that the measure value of money is always the same.

Discuss the feature of saving money for a period of time. How long can you keep a quarter? Will it change in size? Value?

Suppose we used flowers as a medium of exchange. What would happen if Mary decided to save some of them and spend them next Christmas? Would the same thing happen if she saved her quarter?

Show and discuss the film strip, "What Is Money?" Review the use of primitive types of money. Tell the story of the "Peebles" (Economic Education Experiences of Enterprising Teachers, Vol. IV).

Define the terms: demand deposit, savings, checking accounts, withdrawal, loans, and interest.

Set up a make-believe bank. Role-play the various activities of a bank. Discuss the safety of using checks instead of cash. Discuss the question "Would your father rather be paid with a check or with cows or oranges?"

Classroom Applications (cont'd)

Read the "Story of Checks." (Federal Reserve Bank, New York) Make a bulletin board on "The Journey of a Check."

Check the papers and watch television for commercial advertisements to learn the rate of interest being paid for savings.

Discuss how the bank uses savings to earn money.

At the conclusion of Areas V and VI, use the activity suggested on the first page of this area of study.

Evaluation: Let children develop and experiment with a monetary system of their own. They may choose one item (colored paper, stones, shells, nuts, rubber bands, etc.) and assign a base value to that item. Then using variations of that item the students can develop their own money system and use it for buying, trading, and savings experiences. After use let the students evaluate its effectiveness. Do they understand that money is important only for what it can buy? It came into use because of the inconvenience of barter exchange. That while the essential function of money is to serve as a medium of exchange, it is also a measure of value and is used as a store of value. Our whole system of specialized production, buying and selling of goods and services in the market requires the use of money. Are the children beginning to appreciate the importance of financial institutions in today's economy?

Area V	GRADE V	Institutions

Institutions are creations of man for man. Economic institutions have been devised to help the economy function smoothly and efficiently.

Economic Understandings

An institution is an established pattern of group activity. There are some formal organizations such as schools, markets, and civil courts, and others that provide a structure for carrying on specified activities.

If full employment is maintained our main problem is to use resources efficiently so as to satisfy human wants.

Economic institutions are established ways a society, or a nation, follows in using productive resources.

There are several types of financial institutions:

- --Banks bring together the voluntary savings of the people and make loans to business enterprises for investment.
- --Insurance companies receive insurance premiums and lend them to businesses for the same purpose. (This will be shown in the Circular Flow, Area VI.)
- --Both banks and insurance companies, and other financial institutions, lend to individuals for purchase of consumer goods.

Where does money come from? "Bank deposits against which checks can be written, result chiefly from the lending and investing

Classroom Applications

Review the understandings in this Area that have been developed at the lower levels.

Let the students name other institutions with which they are familiar, and show how they work to the convenience and benefit of the people.

Appoint one committee to find information about how banks were first started and used and another committee to report on bank services of today, and how they get started today.

Let a committee report to the class on Alexander Hamilton's accomplishments as the first Secretary of the Treasury.

Invite a banker to talk to the class about how savings are put to work.

Invite a businessman to tell how he got the money to go into his own business, and what he needed to start his business.

Discuss savings accounts in general--why people have them, the different ways they benefit by savings. Would the effects of aggregate saving on the growth of the economy be one of these benefits? Show pictorially what savings are usually used for.

Economic Understandings (cont'd)

activities of banks." This means that consumers borrow money from banks to buy a car, businessmen to buy tools, farmers to buy a tractor, and so on. Also, the federal government goes to the bank for loans when it does not collect enough taxes. If the bank agrees to lend the money, it opens a checking account against which the borrower can write checks. (T.F.R.)

Business firms are economic institutions that carry on the production of goods and services.

Saving provides the bulk of the money which business firms borrow to buy new tools, machines, and buildings. The price paid for borrowed money is interest. The borrower pays interest. The saver receives interest.

Collective bargaining is an institution used by labor and business to mediate differences.

Classroom Applications (cont'd)

Point out that saving is beneficial to the extent that it gets translated to investment. If the aggregate demand for money is too low, that is, if business and industry will not borrow what they need for full production, it may cause a depression.

Excessive investment may cause inflation. Prices go higher during inflation, and money buys less goods per dollar spent.

Let students make reports on the main types of business organizations:
--Proprietorships
--Partnerships
--Corporations

What are the advantages of each? What are the disadvantages?

Resource suggestion: Calderwood, James D., and Fersh, George L., Economics in Action, Chap. 4, pp. 66-76, Macmillan Company.

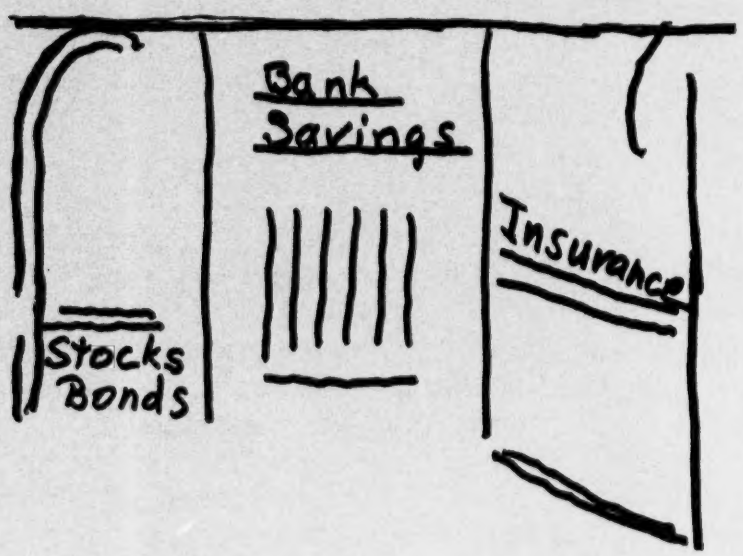
Review the fact that labor is a productive resource and it is exchanged at the market for a price. Members of the labor force are the sellers and the business firms are the buyers.

Explain the term "working conditions" to the class. Have them list the working conditions they would want to know about if they were looking for a certain kind of job.

Discuss the things a union might want for its members and the reaction of management to the union's requests.

Through investment firms or brokers we may directly invest our savings in stocks or bonds of corporations.

Stock exchanges are institutions that help people make such transactions.



Show the film: America's First Factory, Film of the Month, No. 780.

Discuss the beginning of the factory system in America. Compare with factories today. Compare the tools used then and now.

Film suggestion: "The Role of Our Labor Force," from the series The United States Economy in Action, The Joint Council on Economic Education.

As an extra challenge, you might want to let the children learn to read the stock sheet in the newspaper. Have each child bring to school a copy of the stock exchange activities for one day. They need not be the same day. Using an overhead projector, teach the children how to read a sheet.

Then let each child select one different type of stock. In order to select one, they may note the different producers of automobiles, televisions, cereals, medicines, cosmetics, etc., that are commonly found at home.

To simplify matters, you might choose to let each child "buy" one hundred shares. Each month at approximately the same date, post the current price of that child's stock. Continue all year and it can be the basis of math assignments throughout the year.

Do not consider this an isolated activity, designed simply to teach the child something about the stock exchange. Instead, you are strengthening his understanding of our private enterprise system for each share of stock represents ownership

Classroom Applications (cont'd)

in the corporation chosen. Private ownership and enterprise is encouraged in our society and this is tangible proof.

Relate the "ups and downs" with world affairs. If a stock has gone down in price, discuss the reasons. It could be a stock split of course, but it is usually other things--wars, natural disasters, consumer demand changing, etc. The newspaper is especially helpful here.

Many industries in Arkansas are listed on the national exchanges. Relate these industries to those importing.

Resources

Books

Banking Education Committee. The History of Banking (pamphlet). American Bankers Association. (Ask for a list of other available materials.)
Rees. The Bank. Childrens Press.
Schachner, Nathan. Alexander Hamilton: Nation Builder. McGraw-Hill Book Company.

Filmstrip

"Why We Use Money." WASP.

Films (On free loan from the Arkansas Department of Education, Audio-Visual Section unless otherwise noted)

"What Is a Corporation?" No. 1135
"Story of Money" No. 131
"What Is Money?" No. 1059
"Federal Reserve Bank and You"
"Cost of a Schoolhouse," Economic Education Experiences of Enterprising Teachers, Vol. II, p. 41 (Kazanjian Foundation Awards Program). Joint Council on Economic Education.

Evaluation: Are students beginning to understand the close relationship between saving and investment, and the part financial institutions play in getting the money from the saver to the investor?

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Area V	GRADE VI	Institutions

Institutions are creations of man for man. Economic institutions have been devised to help the economy function smoothly and efficiently.

Economic Understandings

Financial institutions, as has been stated and developed at lower levels, have one characteristic in common.

They bring together the voluntary savings of the people, pay interest for the use of the money, and in turn they lend the money to individuals and businesses that need money at the time.

Producers, who are responsible for all of the goods and services the people use, have only two ways of financing their businesses:
--they save for investment
--they borrow for investment

Commercial banks have other functions than channeling money from saver to user.

They serve as safe depositories for money and valuables.

They offer a convenient way of using money. They create money.

In addition to commercial banks, there are many other kinds of financial institutions. They tend to serve a special function and will be analyzed at a higher level of education.

Classroom Applications

On your flow chart eliminate the financial institutions and assume that people spend all of their income for consumer goods, except the part that is deducted for taxes.

Discuss with the class the effect this would have on the economy and on our own welfare.

Remember that producers are also consumers, and consumers are also producers. Remember also how producers finance the businesses that produce goods and services and income.

If there were no financial institutions there would be no usable savings, loans, or credit for either producers or consumers.

By this time it should be evident to the teacher that a large flow chart fashioned after the one at the beginning of Area VI should be standard classroom equipment. Any number of economic understandings can be shown on a chart that cannot be explained very clearly by oral description.

The Junior Section of the Arkansas Bankers Association has volunteered a representative to assist with this area of study. Consult your nearest bank. They will also provide the school with very reliable, easy to use materials.

Economic Understandings (cont'd)

They include these major financial institutions:
--mutual savings banks
--savings and loan associations
--stock market, Federal Reserve system

Depending on the sophistication of the class, the teacher may want to go into a very limited study of these institutions.

The best source of information about these institutions at this level is through a representative of the particular institutions. When the teacher has informed herself about the functions of the institution she can prepare the students for the resource person requested.

Questions should be prepared ahead of time and preparations made for taking notes.

Free questions and discussion should follow.

Classroom Applications (cont'd)

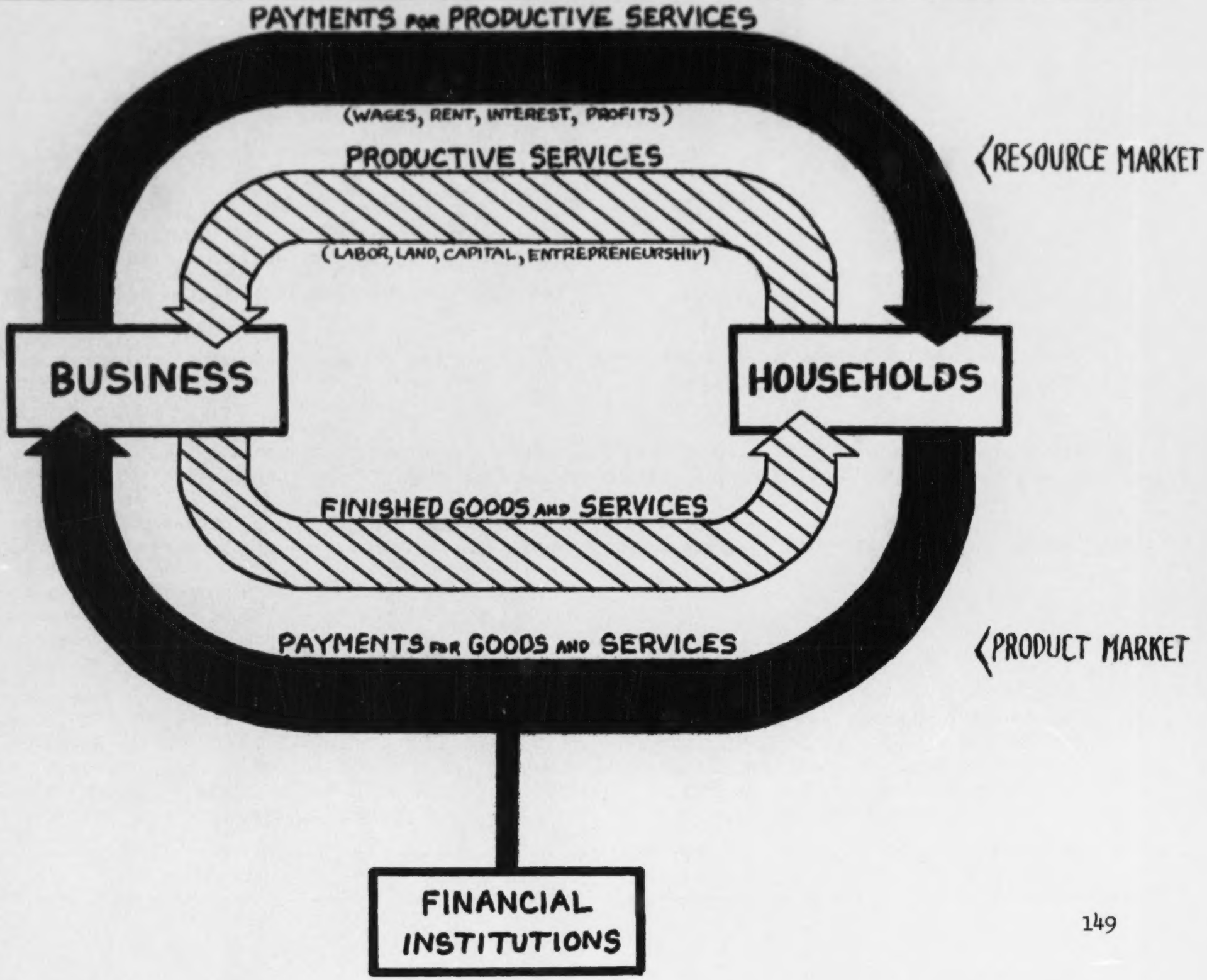
Suggested Resources:

Film: Understanding the Dollar. Arkansas Department of Education, Audio-Visual Section.

Books: Wilcox, Louise. What Is Money? The Steck Company.
Arnold, Pauline. Money. Holiday House Inc.
"Banks and Banking," Vol. I, p. 24 and "Canton's Business is World Business," Vol. II, p. 64, Economic Education Experiences of Enterprising Teachers.

Evaluation: Did the students show evidence that they understood what was happening when the financial institution was eliminated from the circular flow?

Do you think their understanding of the one common characteristic of financial institutions is as clear as it could be with their limited experiences in the area of finance?



RESOURCE MARKET

PRODUCT MARKET

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Area VI | AREA OVERVIEW | The Circular Flow

To understand how income and production interrelate with each other and how a decentralized system answers the questions--what, how, and for whom--a circular flow of goods and services and money can be used at elementary level by moving from a simplified model at first grade level, showing people going out from households to sell their productive resources to business and returning with family income paid to them by business for their productive goods and services. Additional uses can be made of the circular flow as students advance through the grades.

- Between households and governments
- Between households and savings institutions
- Between savings institutions and business
- Between government and business

People from households go to the market as sellers of the factors of production to earn income, and to the market as consumers to buy finished products or capital goods.

Businesses go to the market to sell what they have produced, but first they had to go to the resource market to buy or hire the productive resources (land, labor, and capital tools) to produce the goods and services the consumers want to buy.

A market historically was a place where buyers and sellers meet, but it may be used more broadly to refer to communication between buyers and sellers of the same type of goods wherever they are located.

Classroom applications that may be developed are:

- Types of business organizations:
  --proprietorship
  --partnership
  --corporation
- Type of income or how income is paid and how each is derived:

for land	for labor	for capital	for entrepreneurship
↓	↓	↓	↓
rent	wages-salary	interest	profit

- Four groups of consumers:

Households	Business	Government	Foreign
with money earned or from transfer payments	with money borrowed or saved	with money borrowed or derived from tax revenue	

- Government as a producer (with tax money):
  --highways
  --schools
- Public and private enterprise

Taxation is the means by which government modifies the free working of the market system to reallocate resources to the production of social goods and services. It is a means through which people produce or buy collectively some things that are too big and too important for everybody for private enterprise to take all responsibility for their production.

Financial capital should not be confused with capital tools and equipment. Capital formation is derived when savings from income is deposited in a bank or other savings institutions. The bank creates new money from the use of the savings. Business borrows some of this money for tools, machines, and new factories. Where business men spend money on such things this is called investment. In economics the word investment has a special meaning--business spending on capital tools. (This meaning should not be confused with investing money in stocks and bonds or real estate.)

The productive resources that are not used when you save your money and refrain from buying consumer goods are available to make capital goods for business.

The more a nation puts into capital formation, i.e., the more factories it builds, and so forth, the more it can produce. This capital formation requires saving, which means that consumers have to consume less now to have more later.

In our country individual Americans have the privilege of engaging or not engaging in this saving process voluntarily. We have had periods of both high and low saving, but it tends to be fairly consistent through time.

Area VI PRIMARY I The Circular Flow

The interrelation of income and production influences the way in which a decentralized system answers the questions of what, how, and for whom to produce.

Economic Understandings

When people go outside the home to earn income they sell their goods or services to business or government. (The term business here means all business and industry.)

Business and government pay the people for these services or goods. This pay is their income. (Children need to understand that family income is the determining factor in the buying of goods and services.)

The people take the income back home and use it for many things:

1. They pay for the basic needs of the family.
2. They pay for insurance, utilities, books, recreation, and the many things the family wants.
3. They pay taxes for things that are so big and expensive they have to be bought collectively.
4. They put some money in savings. The bank pays the family interest for the use of the money.

Give the children a large simplified copy of the flow chart. Include a government building, a bank, and a market.

Let them draw the family breadwinners on the upper flow on the way to work. At the business end of the flow chart let them draw the place where the breadwinner actually works. On the lower flow show the breadwinners coming home with check or currency.

Show part of the money going to the market, part to government, and part of it to the bank.

Using the picture, let the children tell where parents go to work and what good or service they sell.

Economic Understandings (cont'd)

Transfer payments are payments for which there is no current production. They are generally made at a different time than when any related production takes place. There may have been past production (Social Security, and so forth), or anticipated greater future production (Head Start), and, rarely, no production at all.

Classroom Applications (cont'd)

The income flow can also be dramatized by the children.

Home scene: A family member goes to work.

Business scene: A place of business where the family member works.

Business office: Where worker gets paid.

Home Scene: The worker at home with income.

Supermarket: Where all kinds of goods are sold; family buys and pays for goods. (What will determine how much they can buy?)

Home scene: The family takes the purchased goods home and decides how they will be used.

Filmstrip: What Our Taxes Do for Us, Curtis Publishing Co.

Evaluation: Are the children becoming sensitive to the fact that the money they spend is the result of work or effort on somebody's part?

Are the children more aware of the many ways the family income had to be spent?

Are the children beginning to face up to the fact that "We can't buy what you are asking for because we need the money for other things"?

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The interrelation of income and production influences the way in which a decentralized system answers the questions of what, how, and for whom to produce.

Economic Understandings

There is a flow of people going out from households every day to sell their productive resources. For these resources workers and managers are paid wages and salaries; property owners receive rent; and lenders of savings receive interest.

All of these people are consumers as well as producers. Most of them use what they earn to buy the goods and services that are produced by business and government.

If the producer of resources works for the government or produces a good or service that is paid for through tax collection, the work he or she is connected with is called a public enterprise. Your school is a public enterprise. It is supported by government income from taxation.

Classroom Applications

Refer to a big flow chart (which should be standard equipment) like the one on the front of this Area.

Show the circular flow of families going out to sell their productive services to business and government, and the flow of money as income from business and government back to families.

Help children to fit their own parents into this flow by such questions as:
--What does your family worker help to produce?
--What are some goods and services produced by business or government that your family consumes?
--Where does the family money used to buy these goods and services come from?

Make use of the unit of study, The School, found at the end of this section.

Construct a table model of your neighborhood and place in it all of the things provided by government.

Make large drawings of services outside of tne immediate community that are provided by government.

What would you see on a drive through the country that has been provided by government?

Economic Understandings (cont'd)

Government uses human, capital, and natural resources the same as businesses do, and it has to pay for them. The resources government uses for one thing cannot be used for another thing. (Opportunity cost, Area I, PRIMARY III)

Governments, like families, cannot produce everything people want. They have to make choices.

When families spend part of their income to build a new house, part of it for goods and services for the family, part for taxes, and part for insurance and savings, they are putting the money back into the circular flow.

Classroom Applications (cont'd)

Highways, bridges, forest reserves, roadside parks, public buildings.

Resource suggestion:
Film: Property Taxation, No. 792, Audio-Visual Section, Arkansas Department of Education.

Assume your family is building a new house. Draw the people whose incomes will be paid by your family while they are building the new house.

Try to think what the workers will spend their income for. Go back to the large flow chart and go through it a step at a time, letting the children represent the income earners and spenders.

"I am a carpenter. I am selling my services to a building contractor. I will receive wages for my work. This is my income. The amount of goods and services my family can buy depends on my income. Some of the things I will buy are . . . ."

Roleplay an employment agency game. Call about a job and give qualifications. The agency places the applicant in a new job. Show that many other people receive new income because this applicant has new income. He may buy a new car. The automobile salesman has more income. He may hire a plumber to do needed repairs. This can go on and on. Each person employed has new income which he puts back into the flow.

Evaluation: Are the children becoming aware that money spent by one group of people (business, for instance) becomes income for another group of people (who sell their productive resources)?

Are the children beginning to realize that they and their families have to make very wise choices in buying because of limited income?

A Unit of Study — PRIMARY II

This unit of study is designed to help children distinguish between private and public enterprise. It reinforces other economic concepts that have been introduced in this guide.

Goals

1. To discover the close relationship of the different working groups in the school.
2. To become familiar with some of the services provided by government through taxes--local, state, and national.
3. To emphasize the meaning of interdependence of producers and consumers, and labor and management, that flows from an understanding of the operations of the school plant.
4. To gain an understanding of how the factors of production--natural resources, capital, management, and government--are used in the operation and maintenance of the school.
5. To reinforce understanding of economic vocabulary and concepts.

Vocabulary

consumer	interdependence	individual	capital tools
producer	responsibility	efficiency	administer
goods	taxes	durable goods	repair
services	capital	nondurable goods	unemployed
income	operator	private enterprise	profit
dependent	employed	public enterprise	savings

Content For Flip Chart

1. In our country most of the goods and services people want and need are produced by private individuals or groups of individuals. We call this method private enterprise. Community goods and services are sometimes produced by the government. We call this public enterprise.

Activities

1. Children make a drawing of the school building. Under it write "A school building is a community good."

   Make a pictorial map of the school block showing streets, buildings, and playground.

Content For Flip Chart (cont'd)

2. People pay taxes to the government for some goods and services it produces. Goods and services produced by the government are used by all of the people. Our schools and school services are paid for with money people pay in taxes.

3. Many people work in the school. Tax money is used to pay these workers. The workers are divided into groups. The principal and the secretary work in the office. The three groups of workers are teachers, custodians, and cafeteria workers. All of these people are producers. They produce services.

4. All workers in a school are specialists. This means they have been trained to do a certain thing well. Some of them produce goods; some produce services. The custodians have been trained to clean the building and keep it in good repair. They produce a service. They use many capital tools of production. The cafeteria workers have been trained to prepare and serve food and keep a clean kitchen. They produce both goods and services. Teachers have been trained to teach. The secretary has been trained to do office work. They all produce services. They use many capital tools of production.

5. When people divide the work that has to be done and do what they can do best, we call this division of labor. It makes the work easier for everybody and the work is done better. We call this efficiency. Division of labor makes all people dependent upon each other. We call this interdependence.

Activities (cont'd)

2. Write and illustrate original stories comparing the way in which homes and schools are financed.

3. Divide into groups and illustrate the services each group produces:

superintendent	bus driver
supervisor	cafeteria worker
principal	custodian
teacher	secretary
children	

4. Draw and display pictures of the different work being done in the school. Show the capital tools being used in this production of service by these different groups. Sing songs dramatizing some of the work.
   --Who works in the school?
   --What work does each member do?
   --Is division of labor necessary in the school?
   --Why is it practical?
   --Do the workers receive a salary?
   --Why must workers be paid for their work?

5. Use role playing to show what would happen if the teacher had to get her broom and clean the building and leave the room to cook the food. Let the children illustrate and tell what would happen if one of the groups of workers stayed at home.

Content For Flip Chart (cont'd)

6. All of the people in a school are consumers. The goods they consume are produced outside of the school. Some of these goods are called durable goods. They last a long time. Some are called nondurable goods. They are used quickly.

7. Many people produce goods and services before we eat our lunch at school. Parents earn the money to pay their part of the cost. From their income parents pay the taxes that pay the government's part of the lunch program. Teachers collect the money for lunch every day. They send it to the cafeteria. The cafeteria director puts it in the bank. It becomes a demand deposit. It will be checked out to pay the cafeteria bills.

This was our menu at school one day:

fried chicken — apple salad
potatoes — rolls
asparagus — jello and cookies
milk

Activities (cont'd)

6. Children discover the many ways in which we consume. Make a list of durable goods and a list of nondurable goods.

Durable	Nondurable
desk	water
books	electricity
buses	food
bells	pencils
water fountains	paper

7. Make a mural of the people producing the goods and services that were necessary to prepare today's meal (include the bank).

Area VI PRIMARY III The Circular Flow

The interrelation of income and production influences the way in which a decentralized system answers the questions of what, how, and for whom to produce.

Economic Understandings

There is nothing mysterious about the circular flow of income. The flow as it is seen on paper is a model of what really takes place all over the nation every day.

Not only on paper, but in reality people go out from home every morning (or evening) to work for themselves or for somebody else, and for this they receive income which they take home to spend, first of all, for food, clothing, and housing.

Children have already discovered that before goods and services can be consumed they must be produced.

Now let's play a game to see where the food, clothing, and housing they are going to buy come from and where they will get the money to buy them.

Classroom Applications

Let three children become entrepreneurs and go into business; one will produce food, one clothing, and one houses. We will call these A, B, and C.

Let each decide what he will need to go into his own particular business. A committee will draw, label, and price these things and bring them in to sell to the three producers.

The entrepreneurs will go first to the bank to borrow money for their businesses.

After each one has bought the raw materials and tools he will need in his business (make this as real as possible), put them up in his shop where they can be seen. He will now need to interview people for jobs in his factory and hire skilled workers, a manager, a bookkeeper, sales people, and other employees the children will mention. The manager takes them to their jobs. Continue by letting the workers come back in for their checks (income).

Each entrepreneur also sends a check to the landlord for the rent on the building he is using and a check to the bank for the interest on the money he borrowed.

Economic Understandings (cont'd)

Round and round the money goes,
Where it stops, nobody knows.

Classroom Applications (cont'd)

In the meantime the art committee has made pictures of the goods each one of the business places will sell and has put them on display in the different shops. Make attractive advertising signs.

FOOD HOUSES CLOTHING

Now, who comes in to buy these goods? The very people, including the landlord and banker, who have been working for the entrepreneurs. (Let all consumers wear labels telling what they did in production.) They are spending the very money they earned for their work.

The money has gone from the bank to the entrepreneur and on to the workers as income for their work.

Now it will go back to the entrepreneurs to pay for the food, clothing, and houses they produced.

Part of it will go back to the bank to be loaned again. This flow of money goes on all of the time.

To increase understanding of how our tax money is spent, discuss such questions as:

--Why do you think people want highways?
--Does everybody use highways?
--Who pays for them?

Economic Understandings (cont'd)

In the circular flow of money part of the money is taken out of the income and paid into government to be used in the production of some goods and services that private enterprise either cannot produce or does not want to produce.

Classroom Applications (cont'd)

If the people should ask the government for more government-produced goods and services, what would probably happen? (tax increase)

If the people pay more taxes, what might happen to their purchases of other goods and services? What is this giving up of one good, or service, for another called? (opportunity cost)

Aid the children in drawing flow charts to show the circular flow of income:

--Between households and government
--Between businesses and government

and what this part of the income is used for.

Resource Material: "The Use of Money in a Free Enterprise System," Economic Education Experiences of Enterprising Teachers, Vol. IV, p. 72.

Evaluation: Are children beginning to realize that the market is more than the local store, that is, an arrangement through which people go out from their homes to some place of business and sell their work and services for money which is called income?

Can they see the reasons why part of this income must go to the government?

Area VI	GRADE IV	The Circular Flow

The interrelation of income and production influences the way in which a decentralized system answers the questions of what, how, and for whom to produce.

Economic Understandings

People from households go out to sell their productive resources.

Business pays these people income for their skilled workmanship and their goods:
- --salary or wages for labor
- --rent for land
- --interest for capital

Part of the income is spent for basic needs and consumer wants.

Part of the income is put in savings for future spending.

Part of the income is paid into government in the form of taxes, to be used for collective wants and needs.

Classroom Applications

There are some goods and services that families cannot afford to produce for themselves. Therefore the government has an economic role as producer, consumer, and regulator.

Discuss: What are some of the things we want that private enterprise would find too costly or not profitable to produce? (Education, streets and highways, fire protection, police protection.) Discuss how these can be produced. Report on services and facilities provided by federal, state, or local government that serve people in our community. Who builds the freeways?

Draw pictures to show goods and services produced collectively. (Post office, parks, highways, defense, space programs, schools, protection, and health and safety services, etc.)

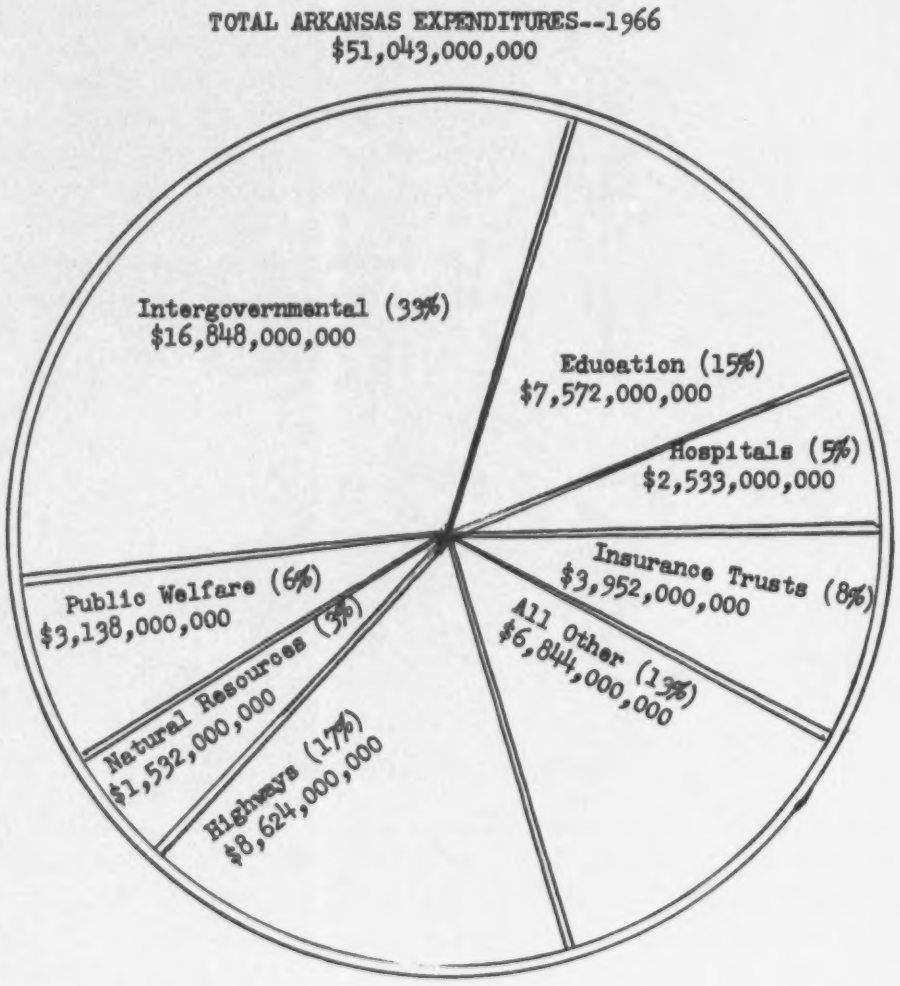
The government needs revenue to provide those services which are not produced through private enterprise.

Ask the children if they pay taxes? Discuss the kind of tax. Who else pays taxes? What is it used for?

Discuss the government's source of income (taxing and borrowing).

Economic Understandings (cont'd)

Since the flow of productive resources and the return flow of income has been given emphasis through the first three grades and the use of savings has been explored in Area V, the emphasis in this study of the circular flow will be on the portion of the income that is taken out of the flow and paid into government.



Classroom Applications (cont'd)

Make a bulletin board to show:

Where Local Tax Money Comes From	How the Tax Money Is Used

Discuss the buying of savings stamps and bonds. How does this provide revenue for government and at the same time benefit the purchaser?

Through discussion with the class lead them to understand that the role of the government in a democracy is determined by the will of the people.

Plan an activity in which pupils can vote to elect class officers or decide a class issue.

Visit a city council meeting and follow with role playing a council meeting.

Make a pie graph to show how the revenue dollar is spent.

Compare types of state taxes. Make chart.

Type of Tax	Collected By	Paid By	Used For

Collect newspaper clippings about tax collections and how they are used.

Classroom Applications (cont'd)

Suggested resource: "How States Help Their People," Living in our Country, pp. 265-269, Macmillan and Company.

Evaluation: Through discussion and questions lead the children to understand that when money is put into circulation, it is not used up. The money still exists and it can be used again and again. A large chart made from the model at the beginning of this area should be a permanent piece of teaching equipment.

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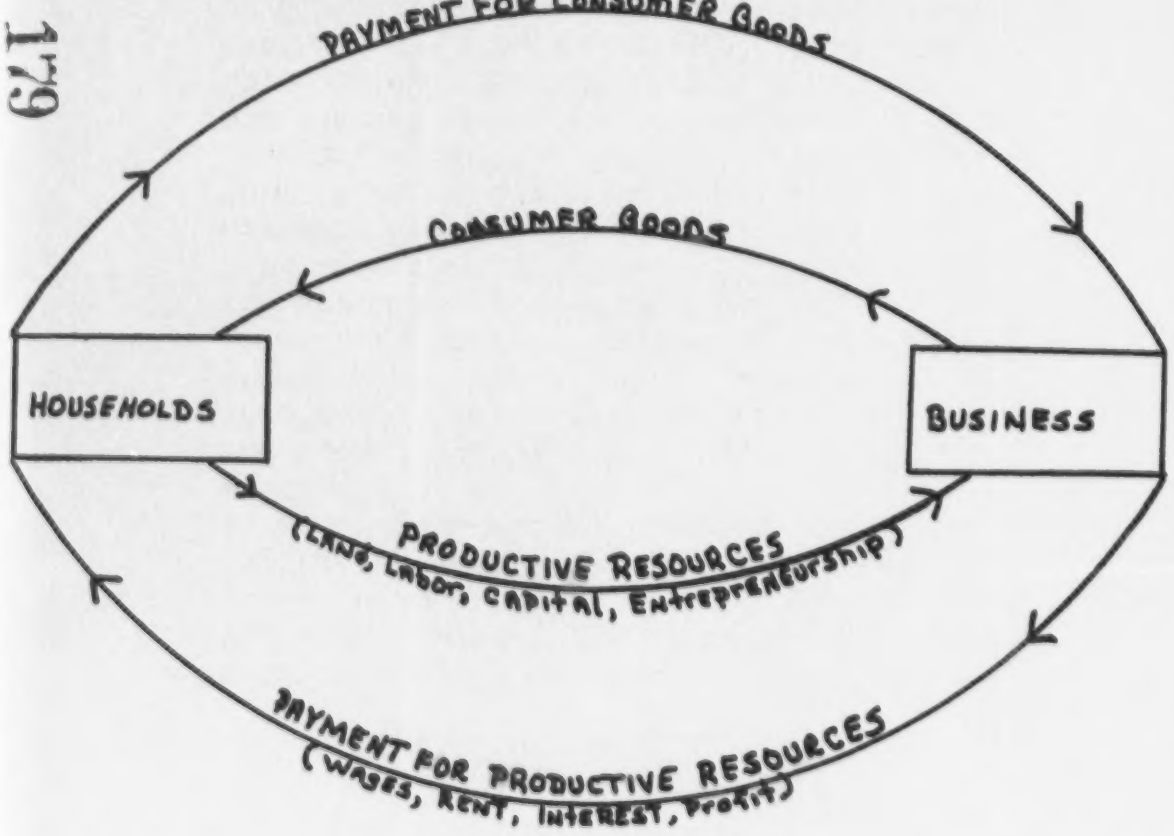
Area VI	GRADE V	The Circular Flow

The interrelation of income and production influences the way in which a decentralized system answers the questions of what, how, and for whom to produce.

Economic Understandings

In every economic system, decisions have to be made concerning the amounts and kinds of goods and services that are produced.

Who makes these decisions in the United States economy, and how are they made? To answer these questions, and show how income and production interrelate with each other, simple models are used.



Classroom Applications

Allow children to develop and explain simple models of the circular flows of goods, productive resources, and income.
--What would the models of circular flows indicate is likely to happen to employment if consumers increased their demands for goods and services by 10 per cent?
--What would happen to the flow if consumers increased their total savings by 5 per cent?

Discuss the types of business organizations: proprietorship, partnership, corporation.
--Allow students to form an imaginary corporation.
--What capital tools will be needed?
--What natural resources will be needed?
--What human resource will be needed?

Discuss the four groups of consumers: households, business, government, foreign. How does each receive its income? From where does each receive its income?

Discuss government as a producer of goods and services on local, state, and national level. How does the government secure money? Does the government ever borrow money?

Students should understand that the more a nation puts into capital formation, i.e., the more factories, tools, machines, etc., it builds,

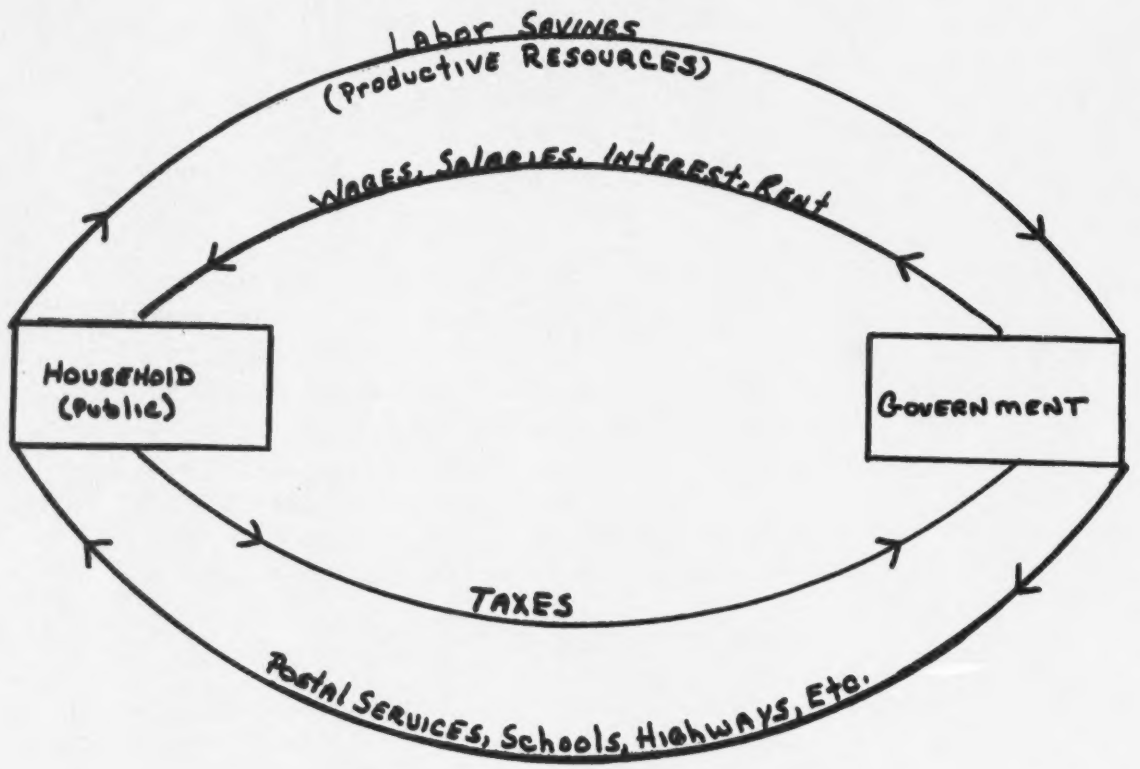
Economic Understandings (cont'd)

Between business and household:
--Business hires or buys productive resources (land, labor, capital, and entrepreneurial ability) from the public households and pays them wages, salaries, interest, rent, and profit.
--The wages, interest, rent, and profit received by the households provides them with income which, as consumers, they spend on goods and services produced by business with the productive resources acquired.
--Here is a circular flow of income or money payments from business to household in the form of wages, rent, etc., and from the households back to business in the form of money spent on goods and services.
--This circular flow of money payments is matched by a flow in the opposite direction of productive resources and finished goods and services.

A second circular flow of income involves the households and government.
--The public pays taxes to federal, state, and local governments and in return receives public services from such sources as the post office, highways, and schools.
--Government uses tax money received to hire productive resources from the public.
--So there is a circular flow of income from the public to government in the form of taxes and from government back to consumers in the form of wages, salaries, interest, and rent.

Classroom Applications (cont'd)

the more it can produce. This capital formation requires savings, which means that consumers have to consume less now to have more later. In our country individual Americans have the privilege of engaging in this saving process voluntarily.
--What did the colonial farmers' capital consist of?
--What does today's farmers' capital consist of?
--What does an automobile producer's capital consist of?
--What does a delivery boy's capital consist of?
--How was the capital of each obtained?



Economic Understandings (cont'd)

A third circular flow of income involves people in their capacity as savers and investors.

--People do not dispose of all their income by spending it and paying taxes. They normally save part of it.

--These savings are put into financial institutions, such as banks, which lend them to businesses.

--Businesses use the money borrowed to acquire productive resources from the public, paying them money income. The productive resources are used to make capital goods.

Classroom Applications (cont'd)

Students should not lose sight of the fact that beyond expenditures for the basic needs of food, clothing, shelter, tax payments, and savings, much of the personal income earned is spent on voluntary services tc mankind and to satisfy religious and aesthetic needs of people.

Economic Understandings (cont'd)

A fourth circular flow may be included for the "rest of the world" or foreign sector (out of the United States). Here we export goods and services, and receive income and imports.

The separate "flows" may or may not balance, although all together they must, i.e., consumer spending may not equal current income (borrowing); government spending may not equal tax revenues; foreign trade may not balance; and savings may not equal current investments.

Evaluation: Do the children understand that business hires or buys productive resources from their owners, who are consumers, and pays wages, salaries, interest, and rent in return?

Do the children understand that the wages and salaries, interest, and rent received by consumers provide them with income which is spent on goods and services produced by businesses?

Do the children understand that savings of consumers are put into financial institutions such as banks and that banks lend this money to businessmen or individuals who use the funds borrowed to buy or hire productive resources?

The evaluation of the use of any model should be, "Does the child know how to manipulate the model, or can he transfer what he has learned to realities?"

Area VI | GRADE VI | The Circular Flow

The interrelation of income and production influences the way in which a decentralized system answers the questions of what, how, and for whom to produce.

Economic Understandings

In January of 1967, the labor force of the United States numbered about 79 million people.

Of the almost 79 million classified as being in the labor force, about 3 million were in the armed forces and just under 3 million were unemployed. Another 8 million people were running their own businesses. This left about 65 million people who were actual employees--people who worked for someone else and received wages and salaries for their labor.

Classroom Applications

These are the people we are going to look at in the circular flow:

Go back to the chart and look at the channel called "Productive Resources," and let's imagine that all of the little crosses are people (+).

Some of these are the people who actually work for someone else and are paid wages or salary for their labor. Some do not. Some of them work for themselves. They are owners or part owners of a business. For this they earn profit. Others rent property, buildings, or machines, for which they are paid rent, and others lend money for which they earn interest or dividends.

Make a big chart and show what all of these people are doing.

EMPLOYED IN
(figures in millions)

Manufacturing 19,434	Wholesale and Retail Stores 13,613	Federal, State, Local Government 11,616	Service Production 10,060	Transportation and Public Utilities 4,271	Construction Work 3,203	Hired Workers on Farms 1,256	Mining and Oil Industry 616
factory and industrial workers	sales people buyers advertisers wrappers stock clerks	Pres. of U. S. teachers firemen post office employees secretaries congressmen etc.	waitresses repairmen delivery service station attendants custodians nurses	bus drivers pilots stewardesses meter readers telephone operators	bulldozer operators carpenters		

Source: Employment and Earnings and Monthly Report on Labor Force, Bureau of Labor Statistics, Department of Labor, August 1968; Farm Labor, Statistical Reporting Service, Crop Reporting Board, Dept. of Agriculture, January and August, 1968.

Economic Understandings (cont'd)

The total dollar value of goods and services produced in a year is called the Gross National Product. It is a useful measuring device for comparing how well the economy did in one year with what it did in another year.

Evaluation: Is there evidence, as teachers go back to the use of the model of the Circular Flow to strengthen economic understandings, that the students understand what really goes on day after day in the real flow of money and resources?

Classroom Applications (cont'd)

We can readily see that all of these people are engaged in production of some kind. For what business does with these people and other productive services, let's look at the channel called "Finished Goods and Services." This is what business turned out with the productive resources it bought, or rented, or hired. Now the important thing in this flow is the next step. What did the people who earned income do with the money? They did three things.

For the first thing they did, let's look at the channel called "Payments for Goods and Services."

--They bought the consumer goods they had been producing.
--They paid a certain amount to the government as tax revenue.
--They put part of the money in savings for future use.

The money never stops. It is used first in the production of goods and services and then in the consumption of goods and services. So there is a continuous flow of goods and services and a flow of money. The flow both ways is valued in dollars, and the two are equal in value because the total cost involved in creating the flow of goods and services equals the amount of money buyers have to purchase the entire flow of goods.

If this flow should ever stop the economy would be in trouble. All of these millions of people we saw in production would be out of jobs and the producers would not have anybody with income to buy their goods. (The circular flow is much more far-reaching than this, but it will be continued in secondary school.)

Because of the basic assumption of scarcity brought about by the fact that we do not have enough resources to produce all of the goods and services we want, man has attempted to make better use of resources through institutions, specialization of all resources, technology, and entrepreneurship.

Methods of production are much different today in America from what they were in the early stages of development of this country.

All resources today are specialized. One employee hardly ever makes a complete product himself. Individuals specialize in jobs they are trained for. They use specialized machines and tools which they are proficient in using. Through such specialization more goods and services can be produced than would be produced by a nation of "jacks-of-all-trades," each of whom tried to produce all of the things he and his family want.

Specialization extends to different geographical areas. Regions specialize in producing what they can produce to best advantage. Regional specialization is, in fact, a result of comparative advantage (see "Dictionary of Economic Terms").

Technology is another important resource extender. It has to do with both the special tools and machines in production and, also, with the way in which business organizes for production. Most production is organized around the mass production of the assembly line. In addition to modern machinery the use of fertilizers, etc., developed through science have increased agricultural production.

If we compare the number of man hours of work required to produce a loaf of bread or a pair of shoes in America with that of some country where the means of extending resources are not practiced, we will see the effect of technology on production. (Investment capital makes technology possible.)

These extenders have also made a difference in the resource market. There are not many jobs for the person who is not trained for some special part in production.

The extensive research carried on in the United States by both government and private industry greatly increases the contribution the entrepreneur (who is also a resource extender) makes to production. It points up the need for development of new techniques and new products. It guides the entrepreneur in his risk-taking productive activities. It aids in planning, timing, and developing new production such as color television, safety devices, frozen foods, new drugs, and hospital equipment.

Area 913 AREA OVERVIEW Resource Extenders

Colleges and universities increase the output of human resources by offering courses that train students to be management specialists, such as engineers, production planners, inspectors, buyers, sellers, personnel directors, accountants, and legal advisors: all of these people are specialists in a large company.

Because there are not enough resources to produce all of the goods and services man wants, man has attempted to extend the resources through specialization and technology.

Mother and father and Nancy and Sue
Each have home jobs which they can do.
Sue loads the dishwasher and makes her bed
Nancy empties wastebaskets and gets the dog fed.

Father washes the car and may fix a flat.
Dear mother cooks food and does this and that.
When family members divide the work to be done
They find that they all have more time for fun.

Economic Understandings

Children have been talking about productive resources for several weeks. One of the things they have learned is that resources are scarce. They have identified some of the ways they can be made to go further.

Now you are ready to introduce them to two main resource extenders or ways of making resources go further (i.e., specialization and technology).

People become specialists when they learn to do a kind of work well because of training, practice, and ability in that kind of work.

The same thing that is true of specialization or division of labor in the home is true in the school and the community.

People who go outside the home to produce or help produce a good or service are called specialists.

When everybody on a job or production line is a specialist doing a certain thing, more can be produced than if each person were trying to make a whole product. (If possible, take a trip to see how an assembly line works. Children have difficulty understanding this way of production through description.)

Classroom Applications

Start by developing a conceptual understanding.

Division of Labor Specialization

Later children will develop a very limited understanding of technology as it relates to machines and their special uses.

Give some examples of specialization in the home.

Why can mother usually prepare a meal better and faster than father?

Can you think of some work around home that father does better than mother?

Does the work in the home go faster and easier when each person in the home does certain jobs, or would it be better if everybody cooked his own food, washed his own dishes, did his own laundry, and mowed the grass?

Is division of labor in the home an efficient way of getting the work done?

Resources suggestions:

Filmstrip and Record: Work Inside the Home. Audio-Visual Section, Arkansas Department of Education.

Books:

Gag, Wanda. Gone Is Gone. Coward Publishing.

Hefflefinger and Hoffman. Family Helpers. Melmont Publishers.

Watts, Mabel. My Father Can Fix Anything.

Economic Understandings (cont'd)

Some specialists extend resources or make them go further by helping specialists whose skills are very scarce.

Technology is another way in which scarce productive resources can be extended.

Machines and tools make work easier and make it possible for workers to produce more goods and services.

Because specialization and technology make resources go further, consumers have more choices of goods and services at lower cost.

In our society we have more producers of services than of goods because machines make it possible to produce goods and services with fewer workers (human resources).

Machines and tools are expensive resources. Good care should be taken of them.

People who operate tools should know how to use them safely.

Through specialization of tools and labor, the factors of production can be made to go further.

More goods and services can be produced than could be produced if everybody tried to produce everything for himself with muscle-powered tools.

Classroom Applications (cont'd)

Susan wants to be a nurse. She will produce a service. She will make the doctor's skill and knowledge go further. She will take care of the patient while the doctor goes on to perform an operation which she could not do.

As children watch the building of a house, show them how the bricklayer and the hod carrier work together. They are both specialists. The bricklayer's time is expensive. He can lay several times as many bricks by not having to go up and down the ladder to get the concrete.he uses to put the brick together. The hod carrier is making a human resource go further.

Class story: Stories for TV, pp. 201-221, from Real and Make-Believe, Harper and Row.

Place a large stack of books on a table to be delivered to the library. Decide how many children it will take to carry the books. Let the children try to think of the best way to carry the books. If the books are put on a truck with wheels one child can take all of the books to the library in one trip.

An interesting bulletin board can be made showing new machines that make production faster. (Machinery manufacturers or businesses that stock the machines will provide the school with excellent catalogs of modern machines.)

Stories: Mike Mulligan and His Steam Shovel Machines, Dugan, Golden Books.

Classroom Applications (cont'd)

Let volunteers tell what their parents do. Determine why the parent would be called a specialist. (He produces a good or service or does a certain part of the production.)

Is the thing produced a good or a service? What makes the parent a specialist?
--he is trained for the job
--he has had practice or is getting practice
--he is probably good at the job because it is what he wanted to do

What do other people depend on this specialist for?

Ask children what kind of specialist they would like to be.

Remind them that all people who do special kinds of work do not get the same income. Some things that make the difference are:
--the amount of education or training
--the kinds of skills needed
--the danger involved
--the scarcity of people who can do the special work

Resource suggestions:
Filmstrip and record: Work Outside the Home. Arkansas Department of Education, Audio-Visual Section.

Books:
Francoise. What Do You Want to Be? Harper and Row.
Greene, Carla. I Want To Be Series. Childrens Press.
Lenski, Lois. When I Grow Up. Henry C. Walck.

Read stories of long ago and compare the consumer goods we have now with those that were available to people when our country was inhabited by Indians during early pioneer days.

Point out that neither the Indians nor the early pioneers made use of specialization of people and tools to produce or to make productive resources go further.

Make charts and bulletin boards of machines in the home that spare mother's time and make her work go further.

Evaluation: Children have already developed some understanding of the meaning of specialization and technology.

Are they now beginning to see the reasons why they are important?

Because there are not enough resources to produce all of the goods and services man wants, man has attempted to extend the resources through specialization and technology.

Economic Understandings

Because of the basic assumption that we do not have enough resources to produce all of the goods and services we want, man has attempted to extend the resources through specialization and technology.

Through specialization more work can be done and more goods and services produced.

Specialists can produce faster and better because of their special skills and knowledge.

Financial institutions that channel money from savers to producers, who need the money to buy machinery and pay specialists, also help extend resources.

The producer's ability to extend productive resources affects the standard of living of the people.

Classroom Applications

Awareness of some simple ways in which specialization and technology make scarce resources go further should be the goal of the teacher, and this development should present no problem if every available opportunity is used to press the point.

Be sure the children have a conceptual understanding of:

Division of labor Specialization

Productive Resources

Extenders Assembly Line

Technology
(as the term applies to machines)

As the children watch the building of a new house, they can see how resources are extended, i.e., the way resources are made to go further.

They can see how fast the dirt and rocks are removed with the big dirt shovel. Only one man is needed to operate it, but it would take a long time for a dozen men to dig up the dirt with old-fashioned tools. The machine makes the operator's work go much further than hand shovels and spades would.

When all shoes were produced by hand from real leather, very few people could afford enough shoes. How has machine production and substitutes for leather changed this?

Economic Understandings (cont'd)

There was a time when each family produced all of the goods and services the family used. We say they were self-sufficient (Indians, early pioneers).

Would you like to go back to self-sufficiency?

What are some things you could not have that you have now?

Some human resources such as surgeons and designers are very scarce. Not many people can do what they do. They are highly skilled specialists.

Sometimes the specialists' work can be made to go further if they have people to help them who are also specialists.

When Bill Jacobs finishes school, he wants to build boats. He will specialize in building one part of the boat.

He will paint and trim the boats, while other skilled workers design and put the boats together. In this way the same crew of men can build boats faster and better than if each one worked alone.

Bill is not a specialist in designing or putting together the boats. The other men are not specialists in painting.

Classroom Applications (cont'd)

Review Area III, Productive Resources.

Make a survey and find out how many kinds of special work the parents of the children do.

List specialists in the professions, in building, in producing food and food services, and in transportation. Determine whether these people produce goods or services.

How many of the things they produce could be produced by any one family? Think of the cost in time and in tools if one family tried to fix its own teeth, produce all of its food, build its own roads and streets and its own car.

Do you think specialization is a better way of producing things people want? Why?

Song: "Scraping Up the Sand," p. 44, from Music In Our Town, Silver Burdett Company.

Story: "Mr. Hurry Changes Things," pp. 152-157, More Friends and Neighbors, Scott-Foresman.

Sue wants to be a nurse when she grows up. She will produce a service. She will do things for the patients that the doctor would have to do if she were not there.

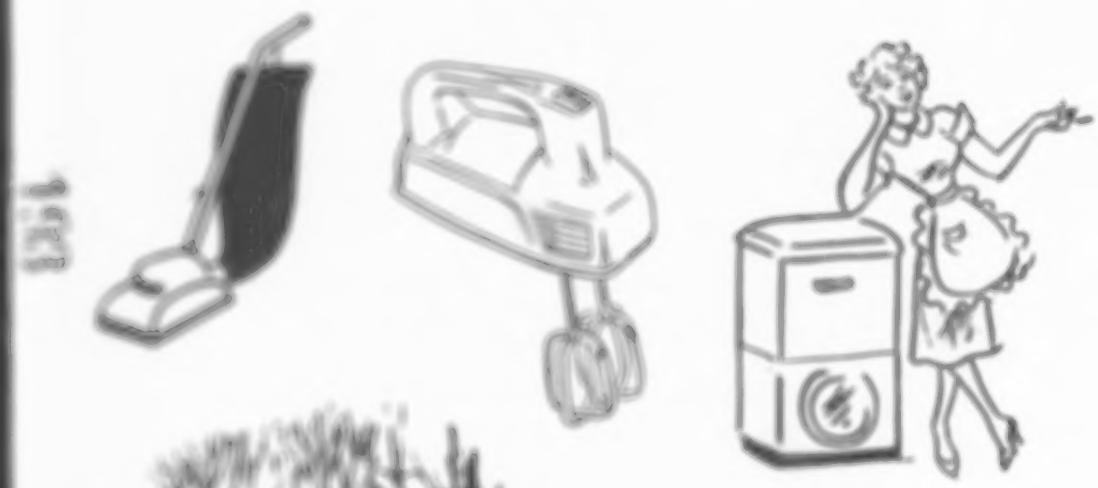
The doctor's time is limited. He is needed for his special skill. Sue will become a resource extender because she will make the doctor's time go further.

Economic Understandings (cont'd)

Most producers are specialists.

Most producers inside the home and outside the home need tools and machines.

These tools are also resource extenders. They make human and natural resources go further.



Classroom Applications (cont'd)

Nurses aides are also resource extenders. They make the special skill of the nurse go further. Invite a nurses aide to tell how she extends the work of the nurse.

The secretary is a specialist. She extends the work of the principal.

All specialists help to get the work done faster and better than it could be done if each person tried to do all of the job.

Tell how division of labor in the home gets the work done faster and better.

Sue and Eddie Kendall lived on a big farm before they moved to Silver City. Sometimes during the spring of the year it rained all day, but no rain came in summer. The crops did not do very well.

Finally, Mr. Kendall hired men with big machines to dig a big lake so he could store rain water for the cattle to drink, and for irrigation in summer.

The big machines made it possible for the farmers (human resources) and the rich soil (natural resources) to produce more. They made these resources go further.

Mrs. Kendall and Sue spend about an hour each day washing the dinner dishes. With a new dish-washing machine they could do the dishes in a few minutes and both of them would have the rest of the time free. The machine extends their time for other things they may want to do or need to do.

Classroom Applications (cont'd)

Let the children identify technological ways of extending resources that they see in the school and community:

Secretary -- Typewriter
Teacher -- Mimeograph Machine
Audio Visual Aids (prepared), etc.

Let the children name specialists familiar to them and tell what tools they use. Are the tools power or muscle driven?

Visit a small assembly line and see the meaning of assembly-line specialization.

Play games in which a child describes himself as a producer and describes the tools he uses. Children guess what he produces.

Think about lots to be used for schools and churches. They should be of a certain kind and location (natural resource specialization).

Resource Suggestions:

Filmstrip and Record: Men and Machines Work Together.

Films: Helpers in Our Community, No. 1462
Building a House, No. 489
Building a Highway, No. 987
The Policeman, No. 783 (series of community helpers)
Arkansas State Department of Education, Audio-Visual Section.

Books: Austin, Mary. The Sound of Poetry. Allyn and Bacon
Lazarus, Harry. Let's Go to a Clothing Factory. C. B. Putnam
Smith, Marie. Frozen Foods from Field to Freezer. Scribner

Evaluation: Do the children begin to understand that benefits to them and their families are brought about through use of specialization and technology?

Because there are not enough resources to produce all of the goods and services man wants, man has attempted to extend the resources through specialization and technology.

Economic Understandings

Because of the basic assumption of scarcity brought about by the fact that we do not have enough resources to produce all of the goods and services we want, man has attempted to extend the use of resources through institutions, specialization of all resources, technology, and entrepreneurship.

All resources are specialized today for efficiency.

It has been found that all resources can be extended or made to go further if they are used for certain purposes.

When people are doing the work that machines could do faster, we are not making best use of our human resources.

Time must be used to provide the education, knowledge of machinery, and special training necessary for specialization of all resources.

Classroom Applications

One of the most valuable means of extending or making better use of resources is the specialization of all resources.

Extend the understanding of specialization as a resource extender through logical thinking of these examples:

--Individuals specialize in jobs for which they are best fitted.
Would it be logical for the highly paid principal of the school, who knows very little about heating systems, to try to fix the heating system or should a heating system maintenance man be called?
--Businesses specialize in providing certain products and services.
Some regions can use one machine that does the work of many people. The cottonpicker or the combine on the farm releases human resources for other production.
--Machines are used for the special jobs for which they were designed.

Select some particular businesses in the locality and show how the capital tools or any other capital resources are used to make natural or human resources go further.

Classroom Applications (cont'd)

The high rise apartment in the city makes land go further, or extends this resource. The dolly the school custodian uses saves him time for other productive work.

Introduce an outline map of Arkansas. Divide the map into regions and identify the important products of each region as:

North--Ozark Mountains. Hardwood, tourism, poultry.

East--Delta Region. Alluvial farmland.

West--Manufacturing.

South--Pine forests and forest-related industries.

Central--Arkansas River Valley. Location of capital city.

This is by no means a complete description of resources or activities in the different regions. Look for regional divisions under other titles such as: The Delta Region, The Coastal Plains Region, and The Ozark and The Ouachita Highlands Regions.

Information may be obtained from the Industrial Research and Extension Center, 1200 McAlmont, Little Rock, Arkansas 72202.

Continue map discussion centered around such questions as:
--In what product or service do these regions specialize? In your opinion is this the best use that could be made of the resources in this area?
--Can you see resources in the school that are not being used to best advantage?
--Would we be extending or wasting our productive resources if we tried to grow our own bananas, coffee, and oranges in this state? Give a reason for your answer.

To help children understand the connection of these products with the industries found in the various regions, have them complete charts such as the following. Note how many new jobs are created when a state develops the industries for which it is best suited.

Resources are extended when they are put to their own full use and when they release other resources for other productive work.

Classroom Applications (cont'd)

Product	Industry	Other Businesses Created
Forests	Lumbering	Sawmills, Millwork, Paper mills
Cotton	Agriculture	Cotton gin, Cottonseed oil mill, Garment factory, Manufacturing of mechanical cottonpickers (Pine Bluff)
Poultry	Broiler production	Hatcheries, Feed mills, Processing plants, Commercial egg production
Recreation	Tourism	Resorts, Boat manufacturing, Archery equipment (Pine Bluff)

Discuss with the children possible ways to increase production such as locating the plant where:
--natural resources are available or can be easily made available
--skilled workers are in sufficient supply
--capital for efficient machines can be obtained
--transportation of resources to the plants and finished products to the market is not a problem

Find pictures to show businesses that specialize in providing certain goods and services as bakeries, canning factories, etc.

Read stories of life in the early days of our community. Compare with ours today, noting how community life has changed. Consider such reasons as:

--Scientists and inventors think of new and better goods and services and improved ways of producing them.
--New kinds of goods, and improved ways of producing them, give the consumer of today more choices and better products.
--Specialization and technology have been instrumental in making productive resources go further.

Find magazine pictures to contrast old and new tools, machines, and goods.

Classroom Applications (cont'd)

Use a bulletin board to display any news items concerning new goods and services. For example:

--Items about any new tools or machines being used
--Announcement of a new toy or game

Make a list of all the products you hear advertised for a week on radio and television. How many of them are produced in Arkansas? Some of them will not be produced here, but may contain resources from here (cotton, soybean oil, wood, aluminum, and so forth).

Make a list of some of the changes that have come to our community as the result of machines. Consider ways of travel, cheaper goods, more leisure time.

Provide bulletin board space for pictures to show how machines make other resources go further. Consider old and new machines: spinning wheels, power loom, hand eggbeater, electric mixer, stairway escalator, broom, vacuum cleaner, horse-drawn plow, tractor.

Remind children that some resource extenders cost a great deal of money.

Bankers are financial specialists who also help to make productive resources go further.

Evaluation: Are the children beginning to accept and appreciate the fact that old ways change as new improved ways are invented by man?
--that machines have produced more varied and cheaper goods for all?
--that machines have made life easier for all of us?
--that modern communication makes people's work easier and more efficient?
--that facilities for moving goods have become highly specialized?
--that inventors have added comfort and convenience to our way of life?
--that all resources are specialized?

Area VII | GRADE IV | Resource Extenders

Because there are not enough resources to produce all of the goods and services man wants, man has attempted to extend the resources through specialization and technology.

Economic Understandings

Scarcity is a persistent problem, brought on by the fact that at no time in history has man had enough productive resources to produce all of the goods and services he wanted.

In the beginning man had no other way of alleviating scarcity, which existed then as now, except through his own self-sufficiency.

He had no source of power except muscle power. He had no tools except crude hand-and animal-drawn tools. He had no specialists to draw upon for goods and services. He had to produce the goods and services he needed. His wants were few from necessity.

It was not until inventions and discoveries and the development of such innovations took place that man was able to take the next big step from self-sufficiency to specialization and the use of tools driven by power derived from sources other than muscle power.

Since the age when man was first released from his own self-sufficiency in the use of available productive resources he has kept up a constant search for ways of extending resources, or in simple words, of making resources that he does have go further.

Classroom Applications

A teacher has many resources for developing this area of study. The social studies books are filled with this march of progress from the early days of self-sufficiency of man to our modern methods of production. The story is a fascinating one and children will need nothing more than guidance in this pursuit of knowledge.

Firsthand observation of specialization of all resources and the use of modern tools, sources of power, and organization for production is as close as the nearest plant or market.

Discuss how the availability of natural resources motivated inventiveness and search for better ways of using natural resources. The climate and soil was favorable to the growth of cotton in the South, but cotton would never be a very profitable crop unless some way, other than by hand, could be found to get the seeds out of it.

Find some other examples of needs that encouraged inventions and discoveries. Be sure to make the point that the entrepreneurs who were willing to risk capital (money) on developing these discoveries were part of this surge toward better ways of using scarce resources.

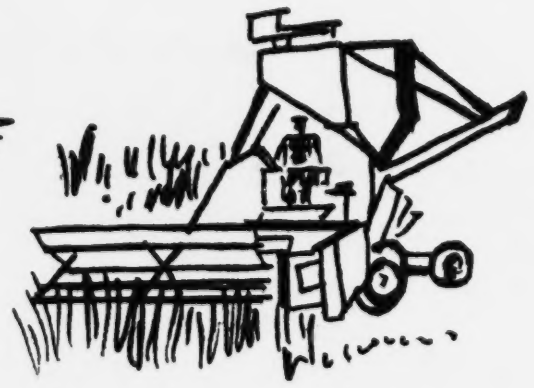
Economic Understandings (cont'd)

There are many ways in which this has been done. Two of the most productive ways are through the specialization of all resources and the use of technology.

Modern inventions have helped man to overcome nature's limitations. Development of new energy resources has helped man to increase production.

Technology has helped man to divide the labor problem. Advancement and inventions have increased efficiency with which we use our resources.

THE AGE OF EXPLORATION NEVER ENDS



Classroom Applications (cont'd)

Read about great inventors who helped to bring about greater production through inventions, discoveries, and financial risks--such men as Eli Whitney, Watts, Fulton, Burbank, Wright brothers, and Bell.

Make a mural, called "Technology Makes the Difference," showing changes in ways of production that have raised our standard of living, and the inventions and discoveries that made these changes possible:

--From muscle power to nuclear power (show the different steps)
--From water transportation to the present link by highways, waterways, railways, and airways
--From canoe to steamboat
--From stagecoach to diesel engines
--From Kitty Hawk to the jet

(There is some overlap here but the extent of this activity will depend on the material available to the class.)

Resource Material: "Nature's Gift of Power," pp. 272-327, Living in Our Country, Macmillan;
All About Famous Inventors and Their Inventions, Random House.

It has been said that Cyrus McCormick changed the bread-eating habits of the world and moved the line of civilization westward thirty miles each year. How did he do this?

What was Henry Ford's great contribution to methods of production?

Economic Understandings (cont'd)

Conservation and efficient use of resources increase the output of goods and services.

Classroom Applications (cont'd)

Take the students to see an assembly line in operation if at all possible. There is no other way they can understand this process.

Point out the fact that Eli Whitney's cotton gin would have served no purpose if Phinaes Miller had not put up the money to develop it.

Relate specialization and technology to conservation and efficiency of resources.

View and discuss the film, "Everyman's Empire," U. S. Forest Service.

Discuss why the United States has established forest reservations, wildlife refuges, and recreational areas.

Study the Arkansas Parks and Recreational Map to find where these areas are located in our state. With colored string let each child locate the areas he has visited and tell about the outstanding resources there.

Evaluation: Are the students beginning to see the importance of making resources go as far as possible?

Are they beginning to appreciate the tremendous contribution research, inventions, discoveries, and capital make to a better way of living.

Area VII	GRADE V	Resource Extenders

Because there are not enough resources to produce all of the goods and services society wants, man has attempted to extend the resources through specialization and technology.

Economic Understandings

Because of the wide gap between society's wants and needs and the limited resources for producing these wants and needs, man has attempted to make better use of resources through institutions, specialization, technology, and entrepreneurship.

Individuals specialize in the jobs they are trained for. They use tools and materials they are proficient in using. When the producer enters the labor market today he is seeking a particular kind of labor. A hand cotton picker might want a job operating a cotton-picking machine, but unless he is trained for this job he is not a part of "supply" in the market for cotton-picking machine operators.

Through such specialization, more goods and services can be produced.

Regions specialize in producing what they can produce to best advantage. Regional specialization is, in fact, a result of the comparative advantage the region has over other regions. Comparative advantage is defined and illustrated in Area VIII, GRADE V.

Classroom Applications

Review what has been suggested as ways of developing understanding in this Area at the lower levels.

List some well known industries and decide whether they located where they are because of available resources, or did the company find ways to extend resources after the business had been located.

Make a chart showing interdependences in production such as:
--agriculture and the steel industry
--fresh fruit industry and transportation
--clothing factory and the cotton industry

List the big areas of specialization in the United States and in the world. Analyze the areas from the standpoint of the availability of natural resources, labor, and capital, and the proximity to markets, and decide why the particular specialization goes on in this area.

Might the location of certain educational facilities have something to do with the location of certain plants?

Is the fact that many businesses have increased in size during the last quarter of a century related in any way to an attempt to extend productive resources?

Economic Understandings (cont'd)	Classroom Applications (cont'd)
Businesses specialize in producing certain goods or services.	Show how private enterprise and government contribute to increased productivity of the individual. --By testing and placing people in the place of employment for which they are best qualified. --By developing in both private and public educational institutions a large number of increasingly productive people. --By industry's providing for training workers on the job and thereby increasing their productivity. --By providing tools and equipment that help the individual worker to increase his productivity.
The size of the business is usually related to the good or service produced or to the location of the business.	Help students to discover that while businesses are realizing greater profits, they are making a better way of life for more people through the extension of productive resources by specialization.
Would the production of ornate candles require a plant as large as the plant of an automobile factory?	Point out that specialization of postal, military, and other governmental personnel promotes efficiency in government and makes our tax dollars go further.
Specialization of land is another way in which resources are extended.	A look at a relief map of Arkansas would show why the fertile, flat land in the northeastern part of the state is planted in cotton and soybeans; why the northern and northwestern part specializes in tourism and poultry production and processing, and why the other sections follow special ways of specialization. Why is Hot Springs a famous winter resort city?
In addition to the basic factors of production there is another resource extender which has been the main factor in making available to most of the population of the United States consumer goods that once were considered extreme luxuries. This is technology.	High rise apartment houses in thickly populated parts of a city are examples of specialization of land surfaces.

Economic Understandings (cont'd)

The technology of a society is basically the way in which the industrial arts are applied (DEEP, Part I, p. 6).

It not only has to do with the machines that are used in production, but also the way in which production is organized. One of the most productive organizations has been the assembly line.

Classroom Applications (cont'd)

Compare the serious problem the people of Western Europe, and even the pioneers in our own country, had in preserving food with the present-day methods of preserving food.

Compare the time it took the pioneer woman to prepare a meal with the time it takes a housewife now to prepare approximately the same meal with frozen foods.

Discuss the effects of improved transportation on the size of markets for farm products.

Great controversy went on about the route the first transcontinental railroad would follow. What settled the controversy? What were the advantages to the section of the country it ran through?

Have the class list some of the major goods and services that have been developed since World War II. Discuss the changes in productive resource use that these new products have brought about.
--Workers have been forced to learn new and more complex skills.
--New factories have been built and new machines designed.
--New ways of using raw materials have been discovered. New sources of raw materials have been sought and found.

Collect pictures and information about consumer goods and services that may be produced in the future.

Allow students to act as entrepreneurs in starting a business. Discuss the questions:

Classroom Applications (cont'd)

--What machines will be needed?
--How many workers will be employed?
--Will workers have to be trained?

Show film, "American Road" (Ford Foundation Film).

Set up assembly line in the classroom. Plan to make a simple item such as valentines. Divide the class into groups of workers: paper folders, designers, paper cutters, inspectors, sorters, counters, and packagers.

To help students recognize some of the problems that frequently accompany technological progress, discuss these questions:

--What will the owner of the factory do with machines that are outmoded before they are worn out?
--Might new inventions necessitate a shift of resources from one industry to another? From one location to another? Is this what has brought about the migration from the farm to the city?
--What will merchants do with goods that will not sell because consumers are almost instantly switching to a new kind of product?
--What will happen to workers replaced by machines who cannot learn new skills? What do you think should happen?
--What effect may a big change in consumer demand have on the economy of the country? Remember, this is one of the things that contributes to instability.
--Technology has proved to be a tremendous means of extending scarce resources. Would you agree that it has created some problems?
--Show the economic implications of some of our American inventions.

Prepare a chart using the following topics as divisions:

Date of Invention	Name of Invention	Relative Savings in Manpower	Relative Savings in Time	Jobs Replaced	Jobs Created

Evaluation: Are the students developing awareness of the heavy financial investment private enterprise and government have made and the time some of our best minds have given to the advancement of technology and the ways in which we benefit from the advancement?

Do they understand enough of the dislocation of people and the shifts of resources to realize that it is not necessarily true that all people in the labor force could get jobs that return a reasonable income if they tried?

Area VII | GRADE VI | Resource Extenders

Because there are not enough resources to produce all of the goods and services man wants, man has attempted to extend the resources through specialization and technology.

Economic Understandings

When we talk about extending productive resources we are talking about using resources as efficiently as possible to get as much as possible out of them. One of the surest and most familiar extenders is specialization, sometimes called division of labor.

Specialization results in an increase in production which in turn results in more satisfaction of consumer wants.

Productive resources are not evenly distributed in the world and as a result different regions specialize in producing different goods and services.

In addition to a difference in productive resources, the customs and traditions of people differ in a way that affects the pattern of specialization.

Specialization can be of different types. The classification most commonly used is:
--geographical
--occupational
--technological

Geographical specialization, which basically relies on natural resources, puts land and the other natural resources to best use for highest production.

Classroom Applications

Discuss man's two choices--to want less or produce more. Which has he chosen? Have you ever wanted less, or do you continually want more? Help the children to realize that specialization is a result of man's choice of wanting more.

Using a physical map, note the differences in natural resources and climate. Locate oceans, large rivers, mountain ranges, land masses, deserts, grasslands, woodlands, islands, peninsulas, etc. Associate latitude and climate and the collective effect of all of these things. How have these things affected civilization and specialization? Study the weather and the effect that it has upon specialization.

As a country or area is studied throughout the year, relate its resources to specialization. Make certain that the children recognize the value of tourism as an industry. Note countries that are known for the services as well as the goods they produce. (Example: Switzerland is famous for its service industries of banking, insurance, tourism, including hotels and sports.) Make posters advertising the goods or services for which a country is known.

Why does England specialize in manufactured goods? Because she has a large population and a small land area. Compare with another country which has a

Economic Understandings (cont'd)

By geographical specialization, a state or a nation can make efficient use of its abundant resources to produce the things the resources are best suited to produce, and not have to waste them by using them for things for which they are not best suited.

The area can trade for things which it is not equipped to produce most efficiently.

An important principle in specialization is comparative advantage, defined in "Dictionary of Economic Terms" and illustrated in Area VIII, GRADES IV and V.

Occupational specialists are divided into groups such as manufacturers, farmers, construction workers, or as skilled specialists such as doctors, teachers, secretaries, factory workers. There are many overlaps.

The theory upon which extension of resources is based is that a skilled worker in any kind of productive activity saves time and material, both of which are scarce resources.

Labor and Trade unions are a direct result of occupational specialization, as are many professional associations.

In order to get most efficient results from specialization a nation must develop a functional monetary and banking system, and an adequate transportation and communication system.

Classroom Applications (cont'd)

large land area and specializes in agricultural products. (Australia for example--there the situation is reversed. Australia has a small population and a large land area so she specializes in raising sheep.) Nations can make good use of their resources in this manner.

Stress that northern Europe is highly productive due to efficient use of available resources through specialization and wisely located trading centers. (Efficient production creates a need for markets.)

List the most common areas of specialization in Europe--agriculture, fishing, manufacturing, mining, trading, tourism. What resources are necessary in each area? On a population map, note the changes in population and show how population has affected specialization.

Spend ample time in the study of sources of energy and power. Relate the abundance or lack of energy to specialization and production.

Discuss the growth of unions from the guilds formed during the late Middle Ages to the present.

Construct a mural showing the changes brought about by the Industrial Revolution.

Help the children understand that our money system developed as man began specializing resources.

Discuss ancient Rome's contribution to the world by building excellent roads for transportation and developing a centrally controlled money supply which allowed trade to flourish.

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Economic Understandings (cont'd)

Another way of extending resources is through technology.

Single machines that can do the work of many people in turning out quality production, put goods and services that used to be prohibitive in price for all but the wealthy in a price range that most Americans can afford to pay today.

In general we could say that resources are extended to the highest level of efficiency through the specialization of all productive resources.

The economy of the United States is highly specialized and industrial. It has reached an advanced stage of technology which, in a consumer directed system, adds up to a high standard of living.

Underdeveloped nations are often unable to increase per capita production due to a low level of technology and insufficient capital.

It is only through savings that capital is formed. In an underdeveloped or poor nation where the people must use all of their income to satisfy their basic needs, there is nothing left to save. Consequently there is no capital formation.

Classroom Applications (cont'd)

Discuss the different types of transportation available today.

Define money and review its uses. Discuss its divisibility, endurance, acceptability, easy to carry, etc.

Review the flow chart and compare with barter.

Review the functions of the commercial and Federal Reserve Banks in our country.

Illustrate in pictorial form or a mural, how technology has increased production in the fields of business, industry, and agriculture.

Evaluation: Have the students discovered in their study of other nations that some nations with abundant natural resources have a low standard of living because they have not been able or have not chosen to make use of specialization and technology?

Library Books

Allen, Frederick L. The Big Change: America Transforms Itself. Harper and Row. (Also in paperback, Bantam Books.)
Baer, Marion E. Pandora's Box: Story of Conservation. Holt, Rinehart, and Winston.
Bulawski, Joseph C. My Country, U. S. A. Golden Press.

Include any good biographies of these people who contributed to better use of our resources:

Bell, Alexander G.	Fulton, Robert
Carver, George Washington	Hargreaves, James
Deere, John	Langley, Samuel
Drake, Edwin	McCormick, Cyrus
Edison, Thomas	Morse, Samuel
Ford, Henry	Wright Brothers

Supplementary Social Studies Books

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Bachman, Frank P. Great Inventors and Their Inventions. American Book Company.
Rack, Franklin M. Automobiles from Start to Finish. Thomas Y. Crowell Company.

Filmstrip (On free loan from Arkansas Department of Education, Audio-Visual Section)

"New England, Then and Now," No. 5.

Film (State of Arkansas Department of Education, Audio-Visual Section, unless otherwise noted)

"Meaning of the Industrial Revolution" (16 mm), No. 1185.
"The American Road: Specialization and Assembly Line" (16 mm) (on free loan from Modern Pictures, Ford Foundation Films)

NOTES

The economic reason for trade between nations is the same as that for trade between different parts of a country, namely, because we can produce more goods at lower cost if we specialize and then trade than we can if we try to produce everything we need for ourselves.

The goods and services a region is best fitted to produce depends on the quality and relative supply of productive resources--natural resources, labor, capital, and entrepreneurial ability.

In addition to the fact that the United States is rich in resources, the economy is highly specialized. It has reached an advanced stage of technology in an economic, social, and political environment conducive to increased output, all of which adds up to a high standard of living.

With all of this wealth and the means of making use of it, why does the United States get involved in the problems of the less developed world?

There are three outstanding reasons along with many less compelling reasons:

1. Political. In the struggle between East and West for men's minds it is hoped that the West can win people to our way of thinking if we can offer them some hope for economic progress and help them find ways to improve their own living standards under some plan other than coercion.

2. Economic. Foreign trade is based on the same principle as that of domestic trade. Modern technology and specialization are most advantageous when a system of trade allows people to exchange their surpluses for use in satisfying human wants and needs. America could choose to exist as a self-sufficient country, but our standard of living would be lowered. We need not only markets for our own goods but the benefit of the achievements of other civilizations.

3. Moral. The traditions, the law, and even the religion of mankind have attempted to reconcile the masses of humanity that live in conditions of extreme poverty for as long as historical records can be found. Americans, through fast transportation, electronic communications, and personal contacts during two world wars, have been largely responsible for the upheaval called "the revolution of rising expectations." Consequently, these people will no longer reconcile themselves to a life of poverty. We agree that they should not do so, and because of human

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compassion we feel that we should help them toward the new goal of at least better-than-starvation standards, by helping them to help themselves and in some instances by direct aid.

[Two reference books recommended for elementary teachers in developing this area: Rudolph Trenton, Basic Economics, Chapters 20-21; James Calderwood and George Fersh, Economics in Action, Chapter 18.]

At this level, time can be better spent learning about our own economic system and our interactions with other nations than in making detailed comparisons of economic systems, none of which can be accurately delineated.

In trying to understand the economic conditions of other nations, students should look at the culture, the traditions, the religion, the abundance or lack of productive resources, available capital, stage of technology, and growth of population in relation to economic growth.

Questions to be raised should include:

- Does the system meet the goals of the country?
  --goals of our country, consumer satisfaction.
  --goals of some other countries, industrialization and production of capital equipment.
- Does the system have an efficient way of allocating resources?
- Does the system allow change?
- Why are some countries rich in natural resources poor?
- Why are some countries poor in natural resources well off?

America has many things in common with other economies of the world:

- People living under all kinds of economic systems share the same basic needs.
- All systems face the same basic questions: What? How? For Whom? to produce.
- One outstanding thing that all nations have in common is interdependence and need for trade.

In line with the study on interdependence and trade two units of study which emphasize the United States in the world economy are included:

- The Common Market
- The Alliance For Progress

From the point of time in the history of any nation when production moves away from muscle power and self-sufficiency toward invention, discovery, and specialization of all productive resources, the impact of interdependence which necessitates trade should be discovered and emphasized. Here again common sense runs hand in hand with economic reasoning.

- "What would you think two people or two nations would do if each one had a surplus of different kinds of goods?"
- "When everybody in production is a specialist, what do you think would follow?"
- "Wouldn't everyone of these specialists become dependent on other specialists?"

This is what is meant by interdependence. The result of such interdependence is the logical one of trade, or vice versa.

The practice of separating domestic and world trade at the lower elementary level is illogical. The "Round the World" materials currently found in school libraries give a distorted image of children and families of the world in relation to each other if inquiry into world interdependence and trade is not stimulated. At the upper elementary level the distinction between domestic and world trade and the significance of world trade and the way it is carried on, will become more pronounced, but we have been sowing the seed of international trade and interdependence when children discovered that in the home, the neighborhood, and the regions people do different jobs, and thus specialize to do the task more efficiently.

At the lower elementary level this area can be developed through dramatization and role-playing much better than through description.

The activities suggested fill the double role of content and methodology.

Area VIII PRIMARY I Interdependence and Trade

People become more interdependent as they increase the specialization of all productive resources. Interdependence creates a need for trade.

Economic Understandings

When you are dependent this means that other people have to do things for you that you cannot do for yourself. You may not be able to do anything for the people who do things for you.

Interdependence means that people depend on each other. You do some things for them. They do some things for you that they can do better than you.

Children already have understanding of what it means to be a specialist or to divide the work in the home. Now they are ready to discover why specialists become dependent on others for most of their needs. They no longer produce everything they need.

Specialists are interdependent. They have to depend on each other.

There are some family needs that the family cannot supply. The family is dependent on community workers.

Interdependence creates a need for trade.

Classroom Applications

Recall with children that when they were very small they were completely dependent on members of the family.

Now that they are older and can do some things for other members of the family, the family members are interdependent.

Be sure children have a conceptual understanding of

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DEPENDENT INTERDEPENDENT

What are some things for which you are still dependent on your family?

Give illustrations of interdependence in your home.

Susan and Henry's mother starts out to drive the children to school. The car will not start. Whom does she call? She is dependent on the auto repair man. When Susan or Henry is sick, whom does mother call? She is dependent on the doctor.

The doctor and the auto repair man are both dependent on Mrs. Brown for part of their business, so they are all interdependent.

Economic Understandings (cont'd)

The farmer raises more food than he can use. The machine manufacturing plant produces more tools and machines than they want for themselves, so they both sell their products to each other and other specialists. Interdependence creates a need for a market where producers can meet and sell to each other or other buyers.

Interdependence also creates a need for a money system.

People are interdependent because of specialization.

Recall what was learned in the area on Resource Extenders (Area VII).

Specialization is a good thing, because it makes scarce resources go further, and more of our wants and needs can be met.

Were the Indians interdependent?

Were the early Pilgrim families interdependent or were they self-sufficient?

Were they able to have as many choices of consumer goods as we now make?

Each person in an assembly line is dependent on the efficiency of the other people in the line.

Classroom Applications (cont'd)

Children can give numerous experiences that develop this understanding.

The farm and city interdependency is a natural interest and affords unlimited ways of discovering interdependency.

Dependency on transportation is very close to home. The school would be of little or no benefit to a child who had no way to get to school.

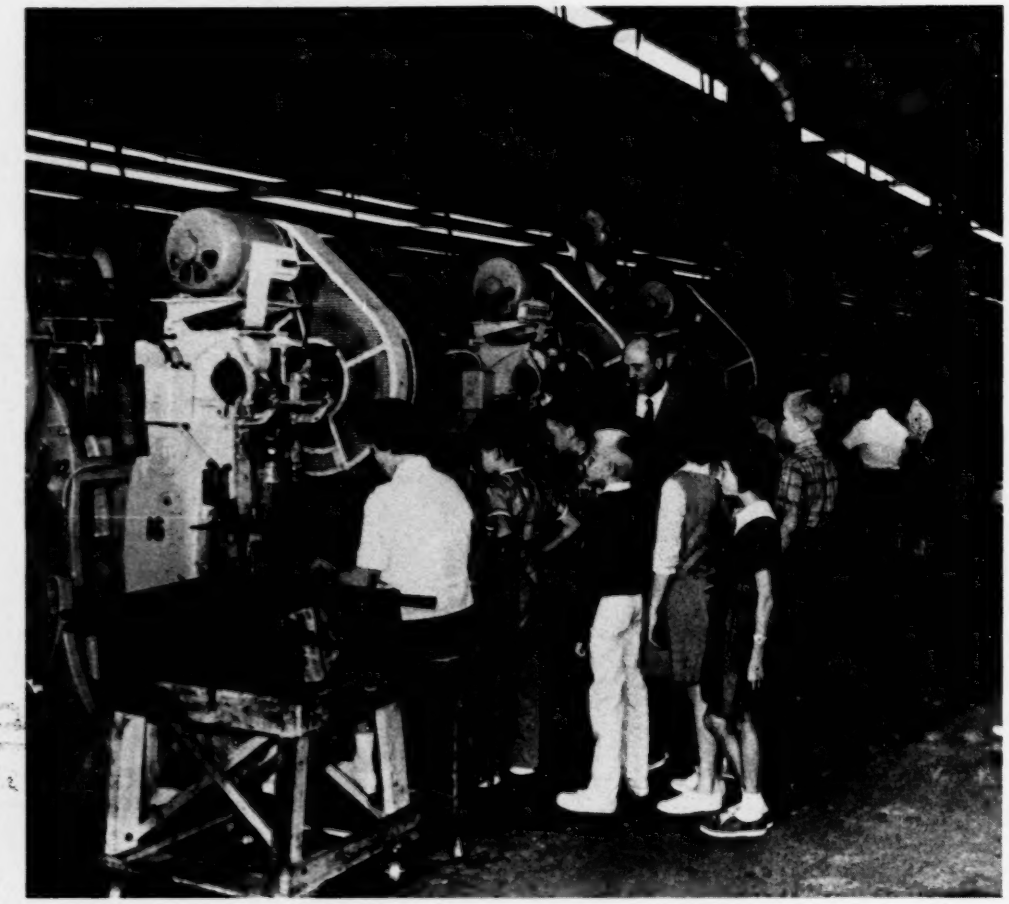
Dependency on the markets, the house painter, the garbage collector, the teacher, the insurance salesman, the bank, and many other specialists makes this of real concern to children.

Let children list as many workers as they can and tell how these workers can help them or their family. In turn, let the children determine how many of these workers are dependent on the child's own father or mother.

Sue's mother is a trained Brownie leader. Eighteen families from Sue's room are dependent on her mother for Brownie troop leadership.

Post a picture of a new school being built. Draw pictures of the specialists who worked on the building. Can you think how these workers were dependent on each other? Could the electrician wire the house if it had no foundation or roof? Are the workers interdependent? How?

How can a weatherman help a farmer?
How can a bricklayer help a doctor?
How can a mayor help a city?
How does a taxicab driver help an airline company?



Part of assembly line at Daisy-Heddon Manufacturing Company, Rogers, Arkansas

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Classroom Applications (cont'd)

Class Stories: What Can I Do? from "City Ways and City Days," Harper and Row; While Susie Sleeps, Schneider, Scott.

Do an experiment to show that children working on an assembly line produce things faster than they would if each one were trying to do all of the work.

There are many examples that come to light during a school day. (Sorting books, passing papers, dividing chores, assembling in line for special servers of the different foods to fill the lunch plate.)

Stress the point that in the group activity each worker had to be depended upon to do his own work fast and well.

Evaluation: Are the children developing conceptual understanding of interdependency, or does it mean "trading out" to them? "I'll do this for you if you will do that for me."

Do the farmer and the manufacturer come out even in the trade in their way of thinking?

People become more interdependent as they increase the specialization of all productive resources. Interdependence creates a need for trade.

Making a Doll Bed

Sue looked at the workers who stood outside,
She threw down the hammer and almost cried.
"I can't do a thing without you," she said,
"I can't even make my poor doll a bed."

"You're wrong," said Eddie, "Give me the nail."
"You'll need their hammer," Sue said, "or you'll fail."
"I'll nail with a rock," said Ed with a smirk.
"You wouldn't have a nail if it were not for their work."

"The lumber," said Sue, "it came from a tree,
The workers cut it and planed it and hauled it to me.
The paint had to be made and the brushes I'll buy.
Special workers did this, Eddie, not you and I."

Sue looked at Eddie and Eddie at Sue.
We're dependent on others in all that we do.
We're <u>interdependent</u>--they need us as well,
If we weren't consumers--then they couldn't sell.

"We can't even make a poor doll a bed,
Without depending on others," Sue tearfully said.
"It's this <u>interdependence</u> and working with others,"
Eddie said to her gently, "that makes all of us brothers."

Economic Understandings

Just as people in a neighborhood specialize in doing certain things or putting tools and natural resources to the best use, so nations of the world do the same thing.

When people of different countries or nations have a surplus of something they can produce they like to trade it for something they do not have. This is what is happening between the United States and other nations.

The basic needs and wants of people all over the world are the same. The kinds and amounts of productive resources are not the same all over the world. This creates a need for trade.

In this area the emphasis should not be on detail but on developing awareness of the fact that specialization in the home, the community or the nation brings on interdependence and this interdependence makes it necessary for people to exchange goods and services. In our country we do this at the market.

Members of a family divide the work in the home because this gets the work done more efficiently.

When family members divide the work they become dependent on each other. We call this interdependence.

Classroom Applications

In looking at pictures of children in other lands we find that there is not much difference now in the clothes children wear in different countries unless the climates differ. Why is this true?

Let students identify many instances of domestic trade, such as farm products sold to buy manufactured products. This will help children to understand that foreign trade serves the same purpose and is carried on for the same reason as trade at home.

Make a list as children notice imports, and find out about some things we export.

In reading and looking at pictures about other countries, point out the ways in which these people are working with the resources in their own environment.

Interdependence in the home calls for cooperation.

The thing that is true about interdependence in the family is true about people in the community.

Workers who produce one service or good have to depend on other people's services for the other things they want.

The thing that is true of interdependence in the family and the community is true of different segments of the economy.

The farmer is dependent on the manufacturer for his machines. The manufacturer is dependent on many segments of the economy for his food.

The thing that is true about interdependence in the family, the community, and the different segments of the economy is true about interdependence of nations of the world.

Be sure children have a conceptual understanding of interdependence by reviewing instances of dependency.

Review the ways in which members of the family depend on each other. List things which different members of the family are depended upon to do.

Write true stories about:

--How We Work Together In Our Family
--We Get More Done When We Share

Dr. Reed is a dentist. He fixes the Douglas children's teeth, but he can't fix his own car. Mr. Douglas is an automobile mechanic. Dr. Reed has to depend on him to get his car repaired. These two specialists are interdependent. They have to depend on each other.

This same example of interdependence can be applied to every family represented in the room.

Through this discussion try to develop a real sensitiveness to our dependence upon each other and an attitude of respect for all people's contribution to our well-being. The mere physical fact of interdependence is not as important as the thinking and feeling about productive labor of all kinds.

The farmer is dependent on the manufacturer and the scientist for his machines and tools, his fertilizer and insecticides.

The manufacturer and the scientist are dependent upon the farmer for food.

Economic Understandings (cont'd)

When children discover that in the home, the neighborhood, and the state different people do different things that they can do best, we have sown the seed of international trade.

Classroom Applications (cont'd)

All three of them are dependent on the "middlemen" who transport the goods to and from the farm and city, and on the people who convert some of the farm products into table foods. All of these people are interdependent.

On a big map of the world identify the countries that carry on trade with us. When a child finds a toy or garment or any product that came from one of these countries, let him place a self-drawn picture of it with his name on it on the map. Make him responsible (even if the teacher has to help) for finding out about something we ship to that country.

Make use of the many books about people around the world that have been written for this level.

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Evaluation: Interdependence is a concept that is easy of broad understanding at this level, because children live with it.

The effectiveness of the learning experiences provided may be judged to some extent by the apparent understanding of interdependence in certain aspects of production and consumption.

Do the students understand that the market is not only a place where consumers buy the goods and services that satisfy their wants, but it is also a place where producers sell the special products they produce.

Area VIII | PRIMARY III | Interdependence and Trade

People become more interdependent as they increase the specialization of all productive resources. Interdependence creates a need for trade.

Economic Understandings

By this time the children have learned that division of labor or specialization in the home and the school increases the productive powers of the workers or of labor.

In the factories and plants they have visited or read about, they have seen that the same thing is true there.

They have also learned by watching machines at work that the use of special machines for special jobs increases production.

Classroom Applications

It would be well to start this study with the film, "It Takes All of Us to Make This Land." Audio Visual Department, State Department of Education, Little Rock, Arkansas.

The home was once a "self-sufficient" economic unit. It had little need for money or trade. This is no longer true.

To emphasize how this has changed and how people work together now to carry on the life of a community, list the different kinds of business firms in your nearest community center. A chart might be made with the names of the firms under such headings as:

Grocery, drygoods store, variety store, laundromat, beauty shop, bank

Make flow charts to show the interdependence of industries. All of these industries are dependent on land.

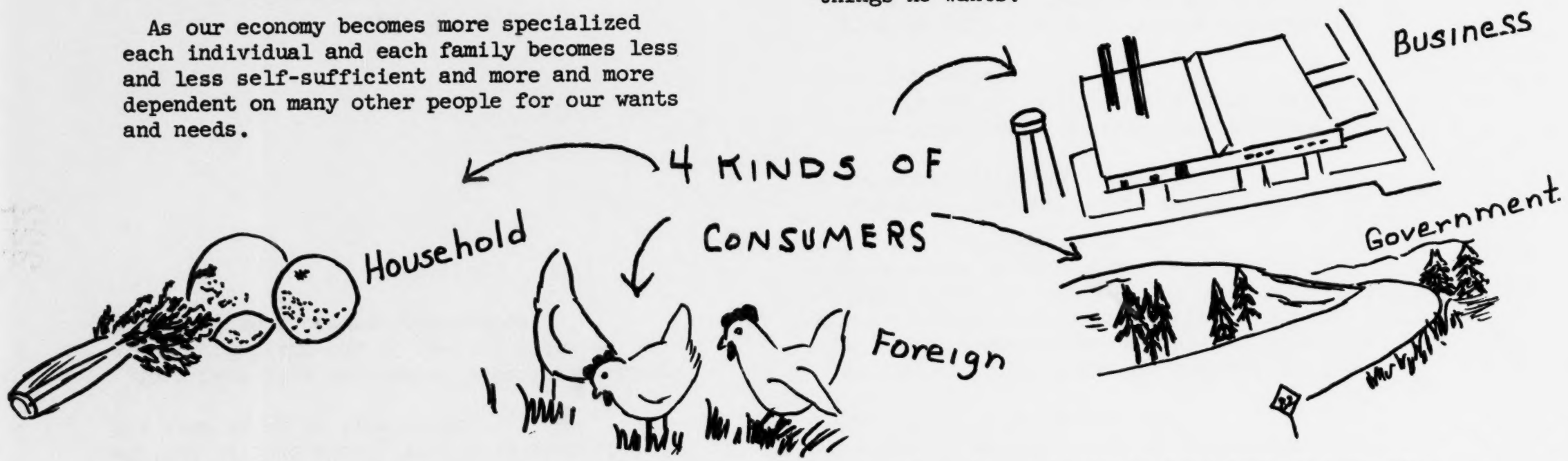
Provide experiences that help children to discover that most farmers do not grow their own food.

The farmer who grows cotton or soybeans is completely dependent on other people for his meat, bread, potatoes, beans, milk, coffee, and

Economic Understandings (cont'd)

In turn they have developed limited understanding of the fact that specialization of labor and tools and land bring with it interdependence.

As our economy becomes more specialized each individual and each family becomes less and less self-sufficient and more and more dependent on many other people for our wants and needs.



Interdependence brings on a need for trade.

Children should understand that trade does not mean barter. It means that people take the income they have earned for one kind of production to the market and buy what some other people have produced.

Classroom Applications (cont'd)

everything on his table. He does not grow anything for his own use. He grows for the market so he can earn the income he needs to buy the food, furniture, television set, car, and other things he wants.

The department store is dependent on more than the cotton farm for finished cotton dresses it can sell.

The department store depends on the farmer, and other consumers, to buy its products.

To demonstrate how trading increases the general welfare, play the following game:

Give one child a dozen cookies and another child two large glasses of lemonade. Ask each child how much of his own product he can eat or drink immediately. Each may find

Economic Understandings (cont'd)

Not only have individuals, schools, communities, and states (review Areas III and VII) become interdependent, but the same thing is true of nations.

There are many things the United States does not produce. We must buy these from some other nation. There are many things other nations must buy from the United States.

Nations carry on trade with each other because each is specializing in something the other nation needs.

Classroom Applications (cont'd)

he has too much for one sitting. Challenge them with the question, "Would you not each prefer cookies and lemonade?" This will give them the idea that if each will trade his own surplus both will be better off.

To create awareness of the need for international trade, work out simple role-playing devices such as the following:

--Ask one child to be an American wheat farmer whose region is favorable for growing wheat but not coffee.
--Ask another child to be a Brazilian coffee grower whose region is favorable for growing coffee but not wheat.
--Without going into details of international trade, ask each child to put his surplus on the international market. The wheat farmer may then have coffee with his breakfast toast and the Brazilian coffee grower may have toast with his breakfast coffee.

Dramatize the story, "Let's Trade," pp. 50-55 in Scott, Foresman and Company's reader, New Streets and Roads.

Let children bring to class items made in other countries. Set up display table.

Set up a "pretend" market in Mexico (or other country). Use articles from foreign display table or make pictures of goods from the country chosen and put a price on each. Example:

Classroom Applications (cont'd)

A Mexican Market

Straw donkey and cart	5 pesos
Pinata	15 pesos
Sombrero	20 pesos
Silver ear rings	15 pesos
Castanets	20 pesos
Red serape	25 pesos

Exchange rate . . . . . 12 pesos equal one dollar

If you exchange $5.00 for Mexican pesos, how many things can you buy in the market?

Draw on board for summarizing discussion:

Trade

Interdependence

Specialization

Self-sufficiency

Evaluation: Do the children understand why the interdependence of people makes trade necessary?

Are they beginning to understand how trading increases the general welfare?

Are they developing the understanding that the quality and quantity of the productive resources a country possesses affects its standard of living?

Are they aware that productive resources are distributed unevenly around the world thus creating the need for trade?

Area VIII GRADE IV Interdependence and Trade

People become more interdependent as they increase the specialization of all productive resources. Interdependence creates a need for trade.

Economic Understandings

As the dimension of economic education is integrated into the regular curriculum at fourth grade level, the students need the background of the social studies program.

As they look at the world in which we live and find their own place on the earth, they begin to unravel the puzzle and to see that we are just one part of a big complex of people living in different kinds of environments, living under different kinds of governments, trying to find better ways of living--and all of us dependent in some respects on trade with each other.

To expand the understanding of the meaning of interdependence and trade beyond the personal, family, and community idea that has been developed in the lower grades, an understanding of the concept of comparative advantage must be the central theme at this level.

Classroom Applications

Most of the current fourth grade social studies books deal in some way with the cross-culture of the world: the hot, wet lands and cold lands; the dry, high lands; the developed and the underdeveloped lands; the islands; and finally with our own country which has regions of its own that fit the above classifications.

As the students look at the lands and their uses, they can see that because of the resources available and the level of social living the region aspires to, different capital and producer goods are produced in the different regions for sale to other countries. (This has been dealt with in the Area on Productive Resources.)

The new understanding to be dealt with at this level is twofold:

--This is not a sharing program between nations. This is strictly a profit-motivated business transaction carried on in the same way that markets in your own community buy and sell.

--Nations do not sell part of everything they produce. They sell things in which they have comparative advantage.

This does not mean that the buyer country cannot produce the things they are buying, but that

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Economic Understandings (cont'd)

The concept of comparative advantage is at the heart of interdependence and trade. (Defined in "Dictionary of Economic Terms")

Students can begin to see the same principle at work in domestic trade and their own affairs if they learn to identify it.

Because of interdependence and need for trade, transportation is essential to all of us. It brings resources and raw materials together and carries finished products to every corner of the world.

Classroom Applications (cont'd)

it would not be to the country's advantage to produce them for sale to other countries. Countries come out better if they buy the things they don't have at all, or that they can't produce easily, from other countries and use their own resources on things in which they have an advantage.

Example: By using enough of our resources we could produce coffee in North America. Brazil can produce coffee enough better and easier than we can so she can afford to sell coffee to us at a price cheaper than it would cost us to produce it. When we think of not only the dollar cost, but also of the opportunity cost of the resources used we prefer not to raise coffee. So Brazil has a comparative advantage in growing coffee for sale to other countries.

Ted and Tom tried out for the school track meet. They were the best runners in school and about evenly matched in speed, but Tom could jump a good six inches higher than Ted. In what does Tom have a comparative advantage? What will the coach do? Why?

Most fourth grade social studies textbooks deal in some way with certain cities or regions of the world.

Make a list of the cities or regional studies with an accompanying list of the areas in which each one has comparative advantage, and the particular advantages they have.

Make shadowboxes depicting a special saleable product the city or region has to offer because of such comparative advantage.

On maps that may be obtained free from airline companies, service stations, etc., trace different kinds of travel from coast to coast. What effect will the new water transportation system in Arkansas have on shipping?

Evaluation: Are the students beginning to develop greater depth and breadth of understanding of interdependence and the need for trade as they discover through their textbooks and other teaching aids the relationships and needs and wants of people all over the world?

Do they have a fairly well developed concept of comparative advantage?

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Area VIII GRADE V Interdependence and Trade

People become more interdependent as they increase the specialization of all productive resources. Interdependence creates a need for trade.

With all of the wealth and the means for making use of it that America has, why does the United States get involved in the problems of the less developed world?

There are three outstanding reasons along with many less compelling reasons:

Political--In the struggle between East and West for men's minds it is hoped that the West can win people to our way of thinking if we can offer them some hope for economic progress and help them find ways to improve their own living standards under some plan other than coercion.

Economic--Foreign trade is based on the same principle as that of domestic trade. Modern technology and specialization are most advantageous when a system of trade allows people to exchange their surpluses for use in satisfying human wants and needs. America could choose to exist as a self-sufficient country, but our standard of living would be lowered. We need not only markets for our own goods, but the benefit of the achievements of other civilizations.

Moral--The traditions, the law, and even the religion of mankind have attempted to reconcile the masses of humanity that live in conditions of extreme poverty for as long as historical records can be found. Americans, through fast transportation, electronic communications and personal contacts during two world wars, have been largely responsible for the upheaval called "the revolution of rising expectations." Consequently these people will no longer reconcile themselves to a life of poverty. We agree that they should not do so, and because of human compassion we feel that we should help them toward the new goal of at least better than starvation standards, by helping them to help themselves and in some instances by direct aid.

Economic Understandings

In addition to America's involvement with the underdeveloped nations of the world, her involvement with the more developed nations is still greater.

United States is increasingly tied to the rest of the world in economic as well as political matters (T.F.R., p. 39).

This "tie" exists because of the importance of exports, imports, and international investment (DEEP I, p. 41).

Classroom Applications

United States exports in 1966 amounted to more than thirty billion dollars. The six leading markets for these exports were:

	$ Billion
Canada	6.7
Japan	2.3
Great Britain	1.7
West Germany	1.7
Mexico	1.2
France	1.0

Imports during the same year amounted to more than twenty-five billion dollars. The imports came, in order of amounts in dollars, from:

	$ Billion
Canada	6.1
Japan	3.0
West Germany	1.8
Great Britain	1.8
Venezuela	1.0
Mexico	0.7

Why did Venezuela replace France as one of the big six sellers to the United States? What were the big export-import items?

List specific examples of the stake America has in trade with the more developed nations of the world.

Through one whole day make note of the imports being used in some way by you, your family, or your school.

Economic Understandings (cont'd)

World trade takes place for the same economic reason that trade occurs within the United States--because it pays to specialize in what you can do best and to buy from others what they can produce cheaper than you can afford to produce it with your scarce resources.

Under the principle of comparative advantage countries may import certain goods that they could produce themselves at an even lower price than what they pay for the imports.

They make up this apparent "loss" by producing and selling something that they have an even greater advantage in. Even if one country could produce everything cheaper than another (absolute advantage), they would have more advantage in some things than in others. Hence it would still be to their gain to specialize in things where they had the greatest "comparative advantage"--and buy those where they had the least comparative advantage.

The illustration of the softball team manager represents what countries or regions mean by comparative advantage. Possibly they could specialize in the product they import,

Classroom Applications (cont'd)

--At the breakfast table
--In transportation (Since 1947 United States has been an importer instead of an exporter of petroleum products. Look at an automobile manufacturing chart, "The World Makes an Automobile," free from Automobile Manufacturers Association, to see how many different imported materials go into the production of an automobile.)
--In communication
--In raw materials in clothes you are wearing
--In entertainment
--In aluminum goods and parts (Arkansas can no longer furnish an adequate supply of bauxite to meet the growth of the aluminum industry. America now imports about 90% of its bauxite.)
--In household accommodations (Remember United States does not produce chrome ore, industrial diamonds, tin, or nickel.)
--Other

On a map of the world run colored yarn from the countries that supply United States with these imports. What does United States export to these same countries? Could United States produce some of the goods and raw materials it imports? Determine whether or not the principle of comparative advantage is involved here.

Let's illustrate comparative advantage by an interview with the manager of a Little League Softball team.

Fan--"Mr. Little, why do you let Mark play left field when Paul would be faster and better at catching balls and getting balls back in to the infield for more outs?"

Economic Understandings (cont'd)

but they have so much greater advantage in another field that it pays them to import the goods they have least advantage in and export the goods they have most advantage in.

We import coffee which we could produce. We do this because we have a greater advantage in other production.

We don't have enough productive resources to produce everything we want, so we produce cotton, rice, wheat, and soybeans for export, and we import our coffee, tea, bananas, and pepper.

The opportunity cost to United States is less under this practice and it gives other counties a chance to earn income by producing what they can produce most efficiently.

Arkansas Foreign Exports--1966

	$ Million
Soybeans	60.2
Rice	53.5
Cotton	33.0
Wheat	10.2
Total feed grains	1.4
Poultry products	8.2

United States exports in agriculture and manufacturing are of tremendous importance to the economy.

Use the above income from Arkansas farm production as an example: What would happen to the price of cotton, wheat, soybeans, and

Classroom Applications (cont'd)

Manager: "Paul is somewhat better in left field than Mark, but he is twice as good a pitcher as anybody else on the team, so we can't afford to pull him out of the pitcher's box where he is even more valuable to the team than he would be in the field."

There is a big advantage to the team in having Paul in either position, but in comparing advantages, he is a greater advantage as a pitcher.

Look back at the industry chart in Area II, GRADE IV. You will see that the same thing would happen to a nation as happens to a city if its markets were decreased. The jobs of many workers would be cut off, payrolls would decrease, tax revenue would decline, farm and manufacturing machinery would lie idle, and business would suffer reverses if our foreign markets were closed to us.

Some of our national goals which were discussed in Area II would be very nearly beyond our reach if we could not sell to other countries. Economic growth which depends on productivity would suffer because a nation cannot continue to use its productive resources on goods for which there is no market.

Find illustrations of such situations throughout history. Did the makers of wagons continue to use their resources to produce wagons when there was no demand for wagons.

Full employment, which is one of the elements of the goal of stability would be almost impossible

rice if we had to depend on local and national markets?

What advancements in this country have made it imperative that we export agricultural and large manufactured goods. (Increased productivity in agriculture through scientific methods of soil enrichment, better seeds, and pest control; and mass-production assembly line manufacture of large farm machines and other large manufactured products.)

to achieve, not only by a lack of markets, but because our productive process, which contributes to the realization of most of our goals, would be limited if we could not import raw materials and productive resources of some kinds from other countries.

Locate businesses that provide jobs and incomes for families and individuals by producing for a foreign market. (The chicken industry in Arkansas affords opportunity for study and survey.)

Make a study of some of the uses to which America's tax dollars are being put in Latin America. Under which of the three involvements (political, economic, or moral--Area VII, GRADE V) would you place this expenditure?

Become familiar with the way the World Bank functions. Is the money that changes hands through this institution a gift or a loan?

Units entitled"The Common Market" and "The Alliance for Progress," which are found in the Unit section of this Guide will contribute much to the understanding of the place of United States in the world economy, and they will afford exercises in the analytical approach to the textbook study.

Suggested Resources: Trenton, Rudolph. Economics in Action. Appleton-Century Crofts; Calderwood, James D., and Fersh, George L. Economics in Action. Macmillan Company.

Area VIII	GRADE VI	Interdependence and Trade

People become more interdependent as they increase the specialization of all productive resources. Interdependence creates a need for trade.

Economic Understandings

A country has an advantage in the world's market in both price and quality when it specializes in producing the things it can produce efficiently and then depends on trade for other things.

By trading, a nation can conserve its natural resources.

Trade on a world basis is known as importing and exporting.

Exported goods are those largely from agricultural and mass-producing industries.

Imported goods are those things that a nation does not produce or does not produce enough of. They are bought from another country.

Most of the large cities of today grew up as trading centers.

Two important problems which arise in world trade are due to differences in monetary systems and tariffs.

Classroom Applications

Review carefully the Economic Understandings and Classroom Applications in Area VIII, GRADES IV and V before going into this level.

As you study a country, list the goods and services in which it has a comparative advantage. Use the list you made for specialization. Discuss the reasons why that nation has a comparative advantage in each instance of specialization.

Discuss the goods and services that are produced in Arkansas in which we have a comparative advantage. Include our poultry, rice, soybeans, cotton, etc. Discuss both the goods and services industries. Stress the increasing importance to Arkansas of tourism.

This is an ideal place for the study of conservation. Discuss the different ways that man has found to conserve his resources. Help the children to realize that conservation is equally important to both the individual and the government. Current newspaper and magazine articles on conservation methods are especially helpful. Discuss how the lack of conservation in the past has affected man's production both then and now.

Discuss the fact that trade between countries brings not only goods and services, but also ideas.

Economic Understandings (cont'd)

The European Common Market is an example of a union of countries to promote freer trade which in turn encourages production and raises the standard of living for each participating country.

Supply and demand are vital factors in determining price in world markets.

Differences in health and safety standards affect world trade.

While world trade is encouraged by the United States, there are certain restrictions.
--Goods are not traded which might endanger our safety.
--Trading is restricted with countries with whom we do not maintain open communications.

Goods imported from another nation must be paid for with that nation's type of currency. Foreign currency is gained through selling to a foreign country.

Companies which do business abroad receive payment in their own currency. French exporters expect to be paid in French francs, Japanese exporters in yen.

This means that the importer who is buying our merchandise must find some way of obtaining American dollars in order to pay us.

If a country cannot obtain dollars (i.e., the importers in a country) they cannot buy our goods. The reverse is also true.

Classroom Applications (cont'd)

Conduct research on the goods that Arkansas producers export. (The Arkansas Industrial Development Commission is one source of information. There are others.)

Ask: Why do we have a comparative advantage in these markets and not in producing automobiles or steel or wheat.

List the goods available in our local markets today that were imported. (Foods, automobiles, clothes, art objects, tools, etc.)

Using a map, note the location of the major cities (particularly the area being studied). Note its accessibility to transportation facilities--both manmade and natural as in the case of rivers and harbors.

As you study each region, point out the different countries that have depended on trade for centuries (Great Britain, Holland, Greece, and others).

Define and discuss tariffs. Point out and work through the reasons for tariffs which are listed below:
--to protect industries in our own country
--to protect jobs and incomes
--hesitancy to depend entirely on a foreign market for vital materials needed for military security

Review supply and demand on a local basis. Then enlarge the concept to include world trade. Stress that demand means readiness or willingness to buy. (See next page for dramatization.)

Ask the children to list their consumer demands for a certain period of time. Include both goods

and services--at school and away from school. Ask if any of their demands were not met. Could they not buy something that they wanted--whether goods or beauty shop appointments?

Watch the newspapers for imported goods that are removed from the market due to health or safety standards. Connect this idea with the emphasis placed on the individual in our society.

Discuss this important idea with the children and let them find out which nations we do not trade with. Why?

Find out the many ways that a foreign country might get United States dollars. Include exporting, military stationed in foreign countries, tourists, foreign investments, etc.

You might choose to let several children represent different countries. Cut different colored construction paper for money and let them buy and sell to each other. Let them work out some of their problems in exporting and importing. Include one nation that has no money due to his lack of production because of insufficient capital. After a loan from another country which he uses for production, let him enter the market.

Invite your local banker or an advanced high school student to explain how foreign transactions are financed.

Following this, ask the entire class what each "nation" gained. Then ask how the consumers in each country benefited.

The same type of dramatization can be done on a world basis for price. Let each country "bid" on a commodity that all nations must have. Use two different sets of circumstances.

In the first instance, there is an abundant supply of the commodity. The prices will be low.

In the second instance, there is a very limited supply of the commodity. The price will be higher.

Evaluation: Has the repeated effort in this area enabled the students to associate conceptually such things as specialization, advancement in technology, and the principle of comparative advantage with a high standard of living?

Have the students been exposed to enough examples of how business is carried on abroad to feel comfortable in this area, or is it still something very mysterious to them?

NOTES

Given the overriding element of scarcity, the core of most economic issues in a market economy is the need to make intelligent choices among competing alternatives. Children come face to face with such issues every day. History is full of events in which the problem of coping with the fact of scarcity through choices is the main issue.

One of the purposes of economic education at the elementary level, as stated in the introduction, is to develop a way of making rational choices, whether we are dealing with economic or other kinds of problems.

Training in economic analysis does more than contribute to the student's understanding of how our economic system operates. It develops capacity to base choices among competing alternatives on reasoning rather than emotions or immediate desire. This kind of reasoning is particularly penetrating and enlightening to adults in our reach as a nation toward the attainment of our present national goals.

It also develops awareness that things don't just happen--that work is important, that plans have to be made in advance, that inventions have to be developed (has this invention opened up a way to increased productivity?). Materials for building cars have to be imported. The records of people running for office have to be studied along with their platforms. People have to train for their jobs, but they first have to know what their goals are. They have to know how to approach indecisiveness in occupations and other personal matters as well as public affairs decisions.

As children get acquainted with history and geography they will discover that in our country we have not always had as many choices as we have today, and that people in different parts of the world have different numbers of choices. We have relatively more choices than people in other countries. One of the main reasons for this is our advanced stage of technology; also the additional privileges we have of making individual decisions at the voting booth.

When students have become familiar enough with the meaning of the following steps to make use of them, they will find themselves equipped with tools which have been designed to produce wise choices and intelligent decisions:

1. Define the problem and sort out the facts.
2. Determine the goal you are trying to reach.
3. Enumerate the different steps that might be taken (alternate solutions) and write them down.
4. The fourth and final step is to decide what action to take.

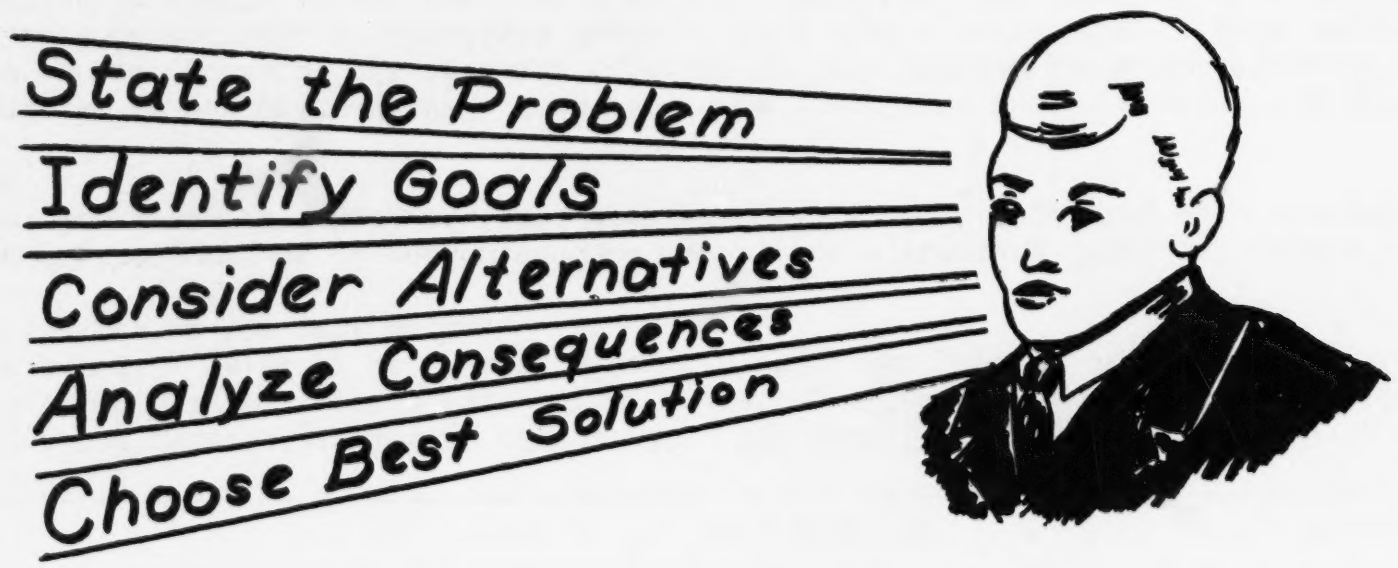
It is not always possible to find a satisfactory solution to a problem, but no opportunity should be missed to involve students in this approach.

Although playground and room problems are not economic in nature, adult reasoning is grounded in such experiences. Solving these problems through reasoning provides students with a way of meeting the large economic and social problems they will face later.

- "We need the bigger ball field. We play on the school team."
- "But we got here first. We've had that field all year."

Do these sound like some of the problems urban renewal is facing?

Can these problems that involve freedom and justice be solved without leaving bitterness?



Area IX	PRIMARY I	Economic Analysis

Given the overriding element of scarcity, the core of most economic issues in a market economy is the need to make intelligent choices among competing alternatives.

Economic Understandings

The main purpose of economic education in a free society is to develop the problem-solving ability of the children as it relates to personal and social problems, basically economic in nature.

To accomplish this purpose we must:

--provide children with tools of analysis
--develop the child's analytical ability
--help the child to realize that there are different ways of meeting problems and different ways of reacting to problems
--encourage children to think analytically through making use of their everyday experiences

Classroom Applications

Very often both children and adults who blunder through problems only to find disappointing solutions have never learned how to think or act with reason.

The primary level is not too early to start teaching children how to reason through problems,

Classroom Applications (cont'd)

or to start helping them with the tools of reasoning.

Every school day offers opportunity for such experiences.

After several accidents on the playground one teacher drew the children into a discussion that led to the following analysis:

1. What is the problem?
   --too many children hurt
   --the children suffered pain
   --parents had to pay doctor bills
   --sometimes children had to miss school
   --feelings were hurt
2. What goal did the children hope to reach?
   Stop the unnecessary accidents.
3. Consider different or alternative ways of reaching the goal:
   --pick up rocks and clear the play area of debris
   --play in the area assigned to the group
   --get out of the game if it begins to be too rough
   --observe safety regulations that the class set up from looking at the causes of most of the accidents, etc.
   --do not take dangerous chances in the swings
   --watch where you are running
4. Decide which ones of these plans would probably help to reduce accidents, and help each other to remember to do them.

Economic Understandings (cont'd)	Classroom Applications (cont'd)
Time or money spent for one thing cannot be spent for another.	Other problems for consideration might be: --How to help Ann get to school on time. --Who has the right to certain properties or areas on the playground. --How to get the most out of your lunch period --How to decrease the work load of mothers (DEEP II) --How to get your work done on time

Evaluation: When problems arise, do the children often suggest that they be dealt with in this analytical way?

Given the overriding element of scarcity, the core of most economic issues in a market economy is the need to make intelligent choices among competing alternatives.

Economic Understandings

Just as the resources used by government and business and families cannot be used for other things, the money and time children spend for one want or need cannot be spent for another.

Be sure children have a conceptual understanding of:

Opportunity Cost--Problem--Alternative
Decision--Goal

The opportunity cost (defined in "Dictionary of Economic Terms") as well as the dollar cost of a choice makes it very important that wise choices be made.

The steps in decision making (Area IX, PRIMARY I) are:

--What is the problem?
--What are the goals?
--What are some different ways of trying to reach the goals? Alternatives?

Decide on the best way, according to the vote of the group, and try that suggestion.

Classroom Applications

Sue and Eddie Kendall observed in their visits to watch their new home being built that the children in the neighborhood had many things which they would want when they moved into the neighborhood. They knew that money was scarce and they could not have everything they wanted. They would have to make choices. They also knew the choices they made would have an opportunity cost.

List some of these things between which Sue and Eddie have to make a choice, and observe that the one given up is the opportunity cost of the other. Place a line under the choice:

Product	Opportunity Cost
Bicycle or walkie-talkie	Walkie-talkie
Kites or skates	Kites
Sailboat or canoe	Sailboat

As the children talked about the new things they would want, and mother began to think about the new stove and refrigerator and the new carpets she would need, the family held a conference to make a decision as they usually made decisions at home or at school, by analytical analysis.

Classroom Applications (cont'd)

A. What was the problem?

The Kendalls had met with a large unexpected expense when they moved to a new town and had to build and partially furnish a new home. They have spent all of their savings and have borrowed as much money as they can, and they still need more money to get settled in their new home.

B. What is their goal?

They hope to find some way to earn additional money to help them with this extra expense.

C. Alternate ways of reaching the goal:

1) They can make out with old furniture that does not fit into the new home.
2) They can furnish parts of the house that they need most, and leave the other rooms unfurnished for a while.
3) Mrs. Kendall had been a teacher before she was married. She could get a job and add enough to the family income so they could go on and furnish the new home and get some of the things the members of the family wanted for pleasure.

D. The Kendalls decided the last suggestion was best, and they all agreed to a division of labor plan to help mother.

Evaluation: When problems arise or when places are being made for a new area of study, do children frequently suggest that this method be used?

Area IX | PRIMARY III | Economic Analysis

Given the overriding element of scarcity, the core of most economic issues in a market economy is the need to make intelligent choices among competing alternatives.

Economic Understandings

One of the purposes of economic education at the elementary level is to develop a way of making rational choices.

If rational thinking is to become an attitude or a usual approach to decision-making, it must start early in the child's life.

No attempt should be made to control the thinking of the children in the analytical process, or the outcome of the attempt.

If these experiences are not carried out within the limits of the individual or group level of maturity, they are of no value.

The teacher may try to extend the child's basis for reasoning, but she should not try to change his viewpoint.

Children should realize that this is a good way of reaching decisions, but it will not always result in the thing happening that they wanted to happen.

Classroom Applications

To help children develop problem-solving skills, consider experiences they encounter in their daily lives such as:

--How can a clean neighborhood be maintained?

1. The symptoms of the problem:
   Children can think of many things in their community that are unsightly and unclean as: beverage cans, bottles and other litter scattered along the highways, weeds that need to be cut, empty oil cans and boxes stacked behind buildings, many other examples of public disregard.
2. Certain aspects of the problem:
   Children can discuss why all these symptoms are undesirable. Littered highways are unsightly. Untended lots in the community detract from the beauty of any area and advertise neglect. Unclean and unattractive communities discourage industry looking for a new location.
3. Causes of the problem:
   Here again the children will be able to think of causes such as the failure of individuals to respect litterbug laws. Lack of pride or inadequate help on the part of business firms.

Classroom Applications (cont'd)

4. Alternate solutions to the problem:
   Children can ask their parents to help them organize clean-up campaigns. They can write letters to the chamber of commerce, civic clubs, women's organizations soliciting their cooperation. They can make clean-up, paint-up, fix-up posters and display them in places where they will be seen by others in the community. They can place litter bags in their family cars.

5. Discuss which solutions of all that were named seem to be best. Decide which to act on and then act.

Such exercises not only give the young child problem-solving experience but give him a feeling of identification with his community and the world around him.

Another problem to investigate might be, "How can we use our natural resources wisely?"

--Symptoms of the problem:
The teacher or the school librarian can help the children locate and make available resource material appropriate for their use. Information can be recorded and illustrated on charts or in booklets. The children might look for ways water, soil, timber, and grasslands are wasted.

--Certain aspects of the problem:
Children will be able to think of many reasons why wasting our natural resources is unwise. Such answers might include: polluting water spoils it for use and for fun like swimming, boating, skiing, and fishing. There are many stories in their readers that point up the effect of forest fires on wildlife.

"The Secret Spark," from Friends Far and Near, Ginn and Company, is an example.

--Causes of the problem:
Children will be able to think of things as a lighted cigarette thrown from a car. Waste dumped into rivers.

--Solution to the problem:
A litterbug campaign can be organized in the classroom. A child can be chosen by the class to write the town mayor (or others) inquiring about the cost of cleaning up litter in the community. The children can collect Smokey the Bear advertisements and do research about tree farms.

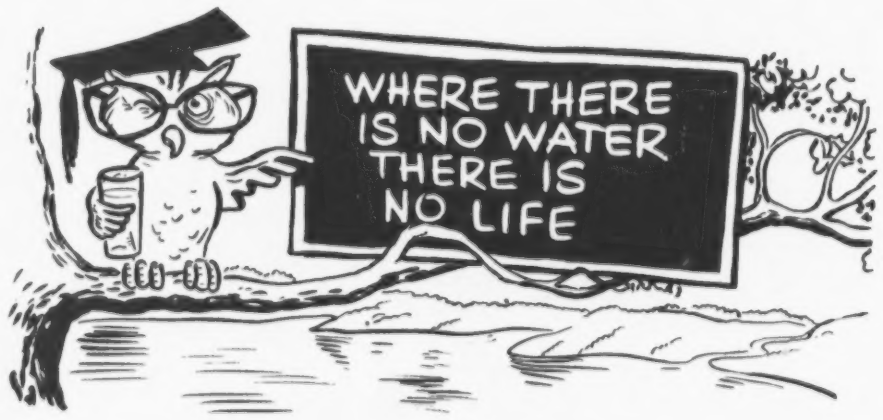
Classroom Applications (cont'd)

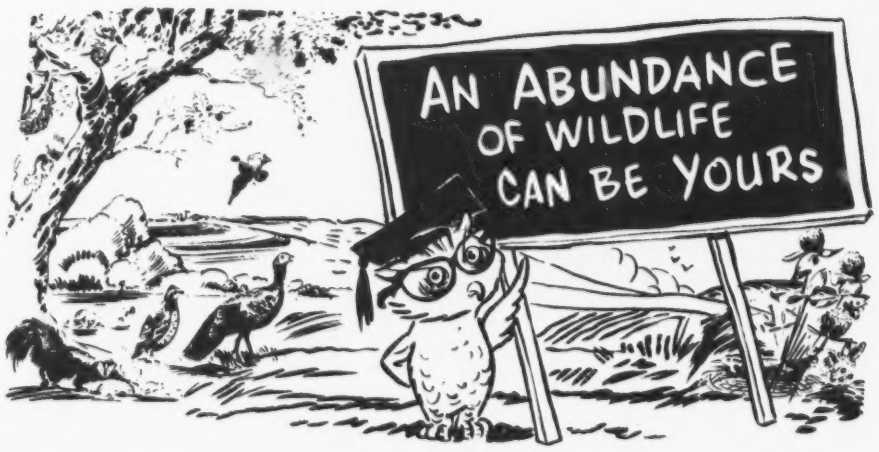
Here again is an excellent opportunity for children to exercise their creative ability in making posters and writing slogans to make the people of their community aware that we should learn to use our natural resources wisely.

Resource: People Use the Earth, Silver Burdett Company,

Evaluation: Are the children growing in their ability to use reason rather than emotion in solving their problems?

Are they developing the ability to relate their everyday experiences to the world around them?





Area IX | GRADE IV | Economic Analysis

Given the overriding element of scarcity, the core of most economic issues in a market economy is the need to make intelligent choices among competing alternatives.

Economic Understandings

Economic analysis (explained in Area IX, OVERVIEW) can be one of the most thought-motivating methods of teaching social studies ever devised.

There is hardly an activity in history that was not preceded by a period, long or short, of indecision which called for a look at the opportunity cost of one decision over another, the risk involved, and finally, a decision to act or not act, and which plan to follow

Lest teachers and students get the idea that the steps of decision making must be orderly and direct, the analysis of an event in history is shown on the next page as an example.

Classroom Applications

The time is around 1492.
The place is Western Europe.
The King and Queen of Spain have a problem.

What was the nature of the problem?
It was a problem of transportation.

What were the symptoms of the problem?
--The people of Spain did not have many different kinds of food.
--They needed to conserve what they did have.
--They had no way of freezing foods and no way of canning foods. Why?
--They had no way of keeping meats, milk, and butter from spoiling.
--They were tired of the same old dried fruit and vegetables with no cloves, cinnamon, or seasoning.
--The only way they had of getting the much needed spices that would flavor and preserve their food was to make a long, dangerous trip to India by sea and land.

What was the goal of the King and Queen of Spain? The goal was to find a shorter and less dangerous route to India where they could buy spices and other goods.

Classroom Applications (cont'd)

What alternative solutions did they have to their problem?

--They could continue to send their merchant ships toward the east to reach India by the only two routes they knew. This meant they went partway by ship, unloaded their ships and loaded the cargo on camels to cross a narrow strip of land to another body of water, and then reloaded their cargo on ships again.

--They could listen to the young Christopher Columbus who had studied maps and traveled and who believed that the world was round instead of flat, and that they could sail west instead of east to reach India by water. (Look at the map and see if you think he was right.)

--Spain was fighting a war and needed all of her resources. (What were her resources?) She could divide her resources and finance the young Columbus on the trip, but she might lose the war and be worse off.

--The King and Queen have to decide which of these decisions to make. What decision would you have made if you had been the King or Queen? Read the rest of the story and see what happened. Do you think the King and Queen made the right decision? Write your answer and be prepared to tell why you think it was or was not a good decision. Spain got a break that influenced the decision that was made. What was it?

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As you progress in history let children stop to look at the decisions that had to be made. Write the problem on the board and let the children react to it before you read on to see what happened. Let them write their reactions and check as they go on to see if they would have done the same thing that really happened.

Using the steps of economic analysis outlined at the beginning of this Area, let them work all the way through the problems that arise.

When the decision to be made in history is a group decision, let the students form the same kinds of groups and work out a decision. When students learn to put themselves in the decision-makers' place, events in history become real.

Encourage the students to use the same method in solving their own problems.

The following suggestions for further use of economic analysis may prove beneficial.

Economic analysis which would cover a whole unit of study (including coordination with a local industry and with parents) could be worked out under the title, "How a City Grew." Relate this to your own town or city.

A population of 1,000 to 10,000 is usually identified as a town; over 10,000 as a city.

What were the problems which created a need for a city to have its location here? What was the goal or goals of the founders? Was the goal (or goals):

--economic by nature?
--social by nature?
--both?

Why were the people who started the city or town there? Where had they come from? (If ancestors of class members had a part in the early life of the city, make this a featured part of the study.)

Why did the families of the other children in the class come to this city? List the reasons. This small group can be used to illustrate reasons for mass-migration to the city. On a world map run a colored yarn thread from the place from which these families moved to the local city.

If your town is a small one, people may be leaving it to move to a city. What are some of the problems that have motivated family moves in recent years?

--Farms have become mechanized. Farm families move to find jobs.
--College- or vocational school-trained young people can't find jobs for which they are trained in rural or small communities.
--Industries in the city provide new jobs--some which did not even exist a few years ago. (There are other reasons.)

Enlist a particular industry to work with the class in providing information on what has really happened in its own business which relates to these reasons for migration (whether the migration has been to or from your city).

In the light of the goals the founders of your city or town had, how well do you think your town has done? Why?

Resource Suggestions: Economic Education of Enterprising Teachers: "The Economic Role of the Local Telephone Company," Vol. III, p. 14; "Third Graders Look at Their City," Vol. IV, p. 13.

Classroom Applications (cont'd)

Evaluation: Are teachers and students beginning to see how the analytical approach to learning gives purpose to a study and directs the best use of instructional materials?

Area IX | GRADE V | Economic Analysis

Given the overriding element of scarcity, the core of most economic issues in a market economy is the need to make intelligent choices among competing alternatives.

Economic Understandings

The steps in economic decision making should be well known by the time students reach this level. Not much time should be spent on the explanation of the steps unless this is new to the particular class.

The time should be spent in engaging the students in experiences in which they actually seek solutions to their own and many other kinds of problems.

Training in economic analysis does more than contribute to the student's understanding of how the economic system works. It develops capacity for basing choices among competing alternatives on reasoning rather than emotions or snap judgment.

It develops awareness that things don't just happen for the best, that plans have to be made in advance, that work has to be done, and that choices in the use of money and resources have to be made.

People have to be trained for occupations, but first they must decide in some way more substantial than happenstance what their goals are and what occupation they want to prepare for.

Classroom Applications

Review the work that has been done in this Area at the lower levels.

Probably no period in history called for more careful decision making than did the decisions that surrounded the writing of the Constitution of the United States.

Let the class set up a committee equal in number to the "framers of the Constitution." Let the committee review for the class the highlights of the history of the country up to the time of the writing of the Constitution, and then let the committee go on to:

- --determine what problems the nation faced.
- --list the symptoms of the problems.
- --decide on the overriding goal or goals they hope to reach.
- --develop their own solutions to the problems listed.

Let sub-committees select one of the problems that has been noted and decide from the suggested solutions to the problem what action to take. Let the committees report to the class, and permit the class to present other solutions that might have worked better.

Re-read parts of the Constitution that relate to the discussion.

Economic Understandings (cont'd)

Economic analysis develops awareness that the changes which have enabled society to make better use of the productive resources have usually come after a period of planning, purposeful work, and periods of decision making in response to a problem that existed.

Steps in Economic Analysis

--Define the problem
--Identify the goals
--Consider alternative solutions
--Analyze the consequences of each solution
--Select best solution in terms of the goals

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Classroom Applications (cont'd)

Some other historical and personal problems that might be approached through the use of the five steps of decision making are:

--The shipping problem both Canada and the United States faced before the building of the St. Lawrence Seaway.
--The problem the Colonies faced when supplies from England were cut off after the War of 1812. (What were the good effects of their having to work together on this problem?)
--How can people who have been deprived of a way to earn income because their saleable skill is no longer needed, be helped to get back into income-earning production? (This will require research on programs that are provided for this purpose, and the problems the workers will face in taking advantage of the programs.) Don't forget the ways in which private industry might help.

What kind of career do you think now you would like to have? Set this up as a problem. List different careers you think you might like. List some advantages and disadvantages (if there are any). Find out about the years of college or the type training required. Find out something about the cost of such training. What colleges are recommended for the particular career, etc.?

A career day at this level is a fascinating way to get students to look at all angles of a problem.

Classroom Applications (cont'd)

In the Smith family there are three children. Jim is a senior high school student. He can make use of public transportation to get to and from school, but the transportation is slow and inconvenient for him. Jim wants a used car.

Mary Smith is in eighth grade. She has taken music for three years and practiced on the school piano. She works hard at her music, and has some talent. Mary thinks she should have a piano of her own.

Jane, the youngest of the Smith children, is badly in need of the services of an orthodontist. Jane does not want to grow up with crooked teeth.

Mr. Smith's income is not big enough to absorb all of these expenses at one time.

By making use of the steps of economic decision making, form into small groups and try to solve Mr. Smith's problem. Let each group report its decision.

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Evaluation: The effectiveness of this study can only be evaluated by the readiness with which students turn to this method of analysis or problem solving.

Given the overriding element of scarcity, the core of most economic issues in a market economy is the need to make intelligent choices among competing alternatives.

Economic Understandings

The most important step toward understanding in economics is the replacement of emotional, unreasoned judgments by objective, rational analysis.

Above all else, economic education should emphasize that rational, objective analysis is needed on economic issues, large or small, and whether they are of personal or national concern.

Such analysis of problems will not necessarily bring agreement. This is not the purpose. It will greatly lessen the reliance on prejudice, emotion, and name-calling that unfortunately dominates so much popular discussion of economic problems. (Task Force Report, p. 14)

Directly or indirectly the fact of scarcity is usually at the root of economic problems.

Rational choice, whether we are dealing with economic or other kinds of problems, involves at least four stages:

--Define the problem. Break the problem down into its separate parts, and write them down. Be sure to state real facts and not what you would like the facts to be.

Classroom Applications

Start by reviewing the different ways in which economic analysis has been put to use in the lower levels.

Let the students work through the steps of analysis to solve a problem of their own or one from history. The outline below demonstrates how economic analysis can be used effectively in the classroom. The steps are the same.

In a sixth grade classroom the students had explored the natural resources of a certain underdeveloped or poor country. (Use a country that is covered in your own text.)

At the end of the study the teacher asked why the people of this nation are so poor and why they accept such a low standard of living when the nation has an abundant supply of natural resources.

The answer was, they don't make good use of their natural resources, which might have been an acceptable answer except for the fact that the teacher was alert to this opportunity for encouraging students to analyze situations before making decisions.

Set this question up for analysis: What are the symptoms that indicate that the economic level of the people is low?

--Identify the goals. Whether it is a personal problem or one of larger concern, ask yourself questions. What is the goal the Council has in mind? What is my goal?

--Consider alternative methods for reaching the goals. Lay out the alternative courses of action that are possible and consider both sides of the consequences of each course of action. (This calls for integrity. If you just see what you want to see, and only one side of the consequences, nothing will have been accomplished.)

--Decide what action to follow. This decision must be made in light of the goal or goals to be achieved.

Decision making is not always easy. Maybe there is no action through which the goal can be reached. Deciding on the next best action may be painful, and your decision may prove to be wrong.

There is no guarantee that the method of decision making will always bring desired results, but it is highly probable that careful definition of the problem and consideration of the goals to be reached, followed by a calm, rational analysis of alternative courses of action, will produce much better results than emotional, snap judgments which shortcut such economic reasoning." (T.F.R., p. 17)

Classroom Applications (cont'd)

--The few choices of consumer goods (both in quality and quantity) the people have. These would include housing, food, clothing, transportation, entertainment.
--The hopeless look on the faces of the people.
--Signs of malnutrition; in some cases, starvation.
--General rundown appearances.
--Poor health and sanitation facilities.
--Others?

In order to arrive at the problem the people face, let's go back to some Economic Understandings we have developed. A nation's standard of living is directly related to its productivity (output increases faster than population).

Underdeveloped nations are often unable to increase per capita production, i.e., the amount of goods and services per person (arrived at by dividing the dollar value of all the goods and services produced in a year--GNP--by the country's population) due to its low level of technology and insufficient capital formation.

It is only through savings that capital is formed.

What is the problem? Go back to the Flow Chart. When people from households went out into this channel labeled "Productive Services," what were they doing?

Probe for these answers. Do not give them to the students.

They were selling their productive resources. To whom? To producers, to be used in production.

Stop here and see what is wrong. Most of the people are not in the flow because the producer can't hire or buy resources. He doesn't have the financial capital to pay the people income nor to buy the capital tools they would need for work.

Where does capital for such needs come from?

Part of it is capital the producer himself saves. Most of it comes through loans from financial institutions that hold the voluntary savings of the people of the country.

Why can't these producers in the poor nations borrow from the financial institutions?

The people have not had steady jobs; consequently they have had very little income. What income they did have, had to be used to supply, in a very poor way, the basic needs, so they had nothing left to put in savings.

Go back to the question, what is their problem?

The problem is: The would-be producers in the underdeveloped country do not have the capital formation that is necessary to make use of their natural resources, i.e., to make use of technological advancement and to train and hire specialized human resources.

If the producers had the capital formation to get started in modern ways of production, the people would have jobs and earn income, part of which they would put into savings.

Now that we understand the problem, the next step, if we are to try to find the solution to the problem, is to determine what conditions exist that created the problem or, at least, let it go on to such proportions.

To understand why a nation grows (increases output faster than population) or does not grow, there are several things we must know about the nation.

First of all, what are the goals of the nation? Is it likely that people facing the hopeless situation these people face have even established goals? Why?

Other things we should know are:
--the kind of government
--the religion

Classroom Applications (cont'd)

--the rate of increase in population
--the level and kind of education
--the cultures and traditions
--the ability to accept change

We already know that the following are low:
--the level of technology
--the amount of available capital

Make use of the textbooks and outside instructional materials to find this information.

Do you think you will find a relationship between the facts you will unearth and the problem the nation faces?

After you have finished collecting information, the next step will be to find alternate solutions to the problem.

Apparently there is no short-range solution to the problem, but you may have some recommendations you would make that might lighten the problem or move the country into a pattern of growth--even slow growth.

Many international agencies concerned with underdeveloped nations have come into existence during the past twenty-five years. The World Bank, which makes long-term loans for economic development projects, is one of these.

Form committees to make studies of these different institutions and report the findings to the class. From this study students may find further recommendations to make to the problem of the underdeveloped nation.

Resource suggestions: Treston, Rudolph W., Basic Economics, Chap. 21, Appleton-Century-Crofts.
Calderwood, James D., and Fersh, George L., "Teacher's Guide," Economics in Action, Macmillan Company.

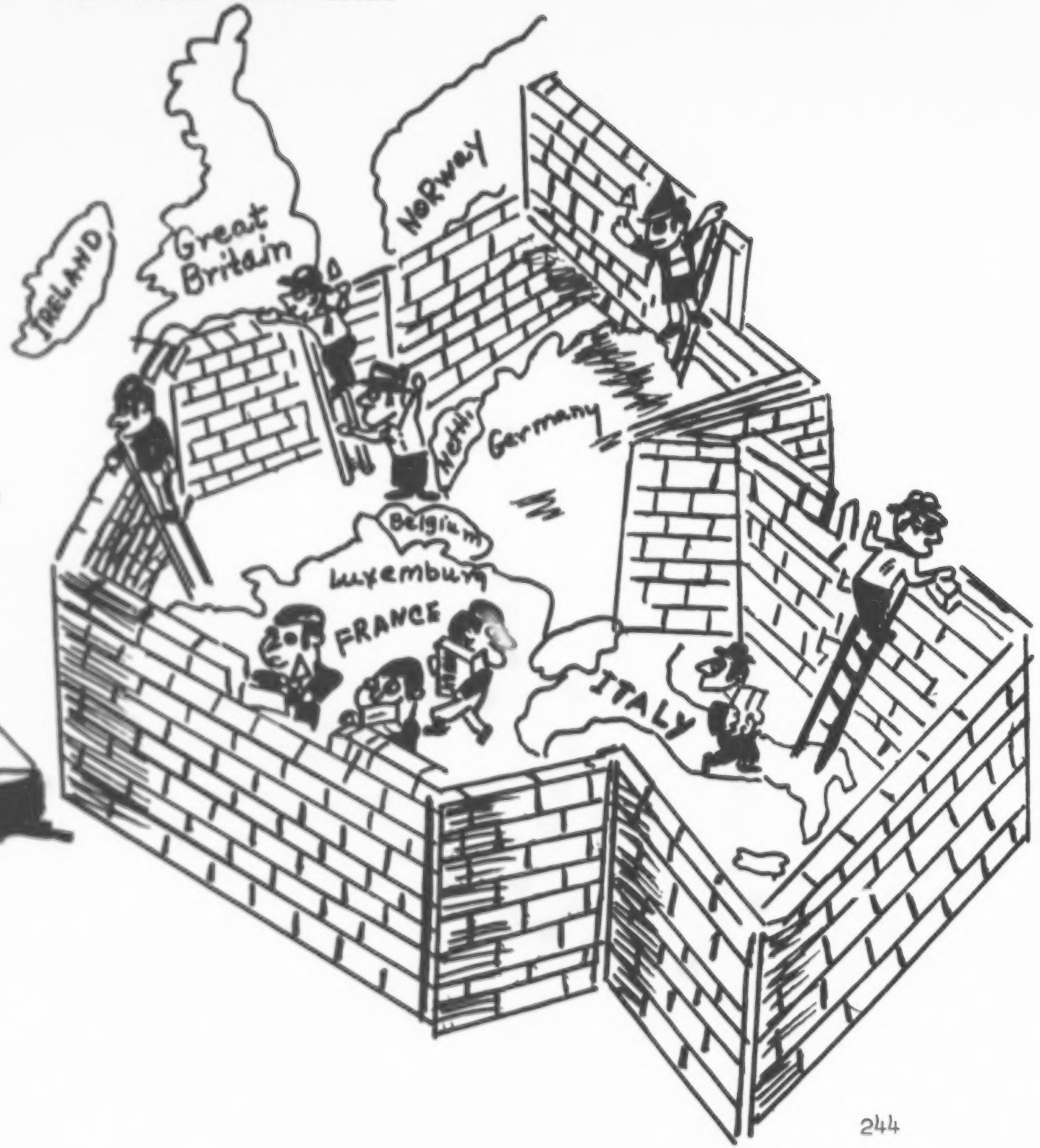
Evaluation: Is the teacher gaining an awareness of the depth of understanding and summarization that can be reached through simple analysis?

Is it apparent that this way of attacking problems or questions which call for decision making is becoming familiar to students?

Sixth Grade Social Studies Unit

May be used with any textbook series listed on the Arkansas adoption list.

THE EUROPEAN COMMON MARKET



Introduction

Italy, France, Germany, The Netherlands, Belgium, and Luxembourg have been grouped for this study, since they are now working as one economic system. It is rapidly being recognized as a neighbor in world trade and will be affecting many international decisions made by the United States.

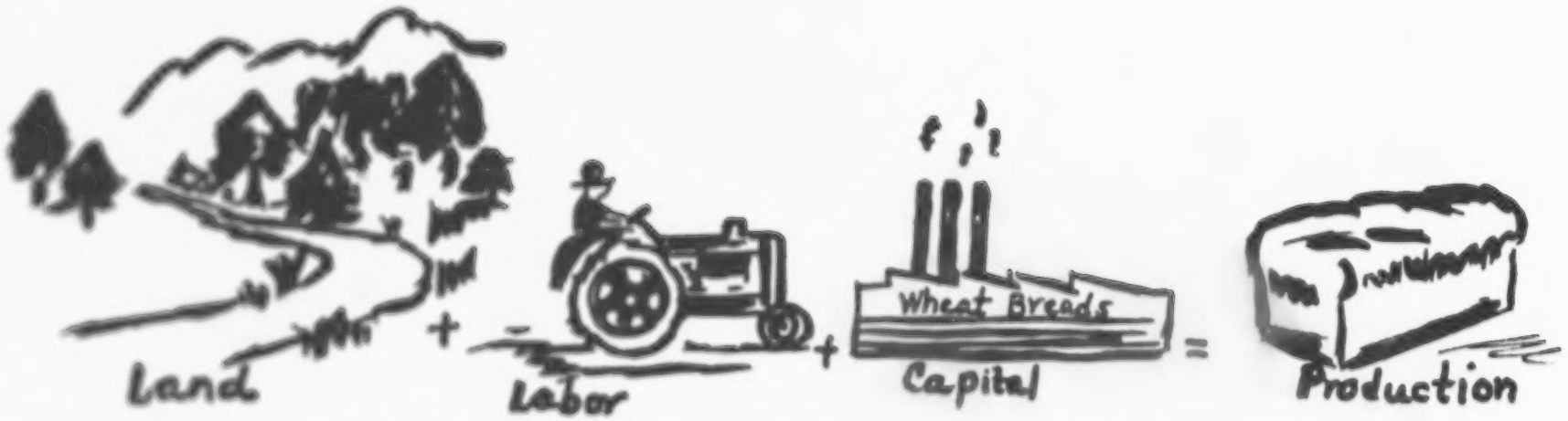
The study has been centered on the social studies program and correlated with other parts of the curriculum when feasible. A look was taken at the economic conditions of the countries separately at first, in order to relate the study to the various textbooks on this level. As the unit developed, the class studied the benefits of the Common Market and how it is meeting the needs of the six European nations.

For working conditions, the class is set up in a pattern similar to the organization of the Common Market. The class is divided into four working groups, which represent each of the Common Market countries. The different groups will be responsible for the extra activities concerning their countries during the study. Let the groups choose a name such as the Fiat Producers of Italy, Renault Producers of France, Volkswagen Producers of Germany, and Service Producers of The Netherlands, Belgium, and Luxembourg. The three small countries will be studied together since most textbooks identify them as "The Lowland Countries."

A planning committee known as the "High Authority" made up of nine representatives, elected from the groups, will do the general planning of the study and serve as the line of communication between the groups. There will be an elected leader from the High Authority to conduct the meetings. The teacher will serve as the executive director through this group.

In addition to the general planning, the High Authority will be responsible for setting up a form of "Facts Chart." This will be placed in a convenient place in the room so that the groups may record the required information concerning their countries. The High Authority may appoint a group captain to see that this has been completed by the time the study of the separate countries is finished. They will also be responsible for a bulletin board form on which they will show the factors of production.
[Area II]

LAND + LABOR + CAPITAL = PRODUCTION



The title of the bulletin board will be left up during the entire study. Each group will display pictures and cutouts to illustrate the factors of production in their respective countries.

The Facts Chart

Country	Area Sq. Mi.	Population	Imports	Exports
Italy				
France				
Germany				
The Netherlands				
Belgium				
Luxembourg				

He wants the American peanuts!

Italy

The basic fact of economic life--the central economic problem facing all societies and all individuals--is, as we have seen, that productive resources are scarce relative to the ever-increasing wants of the people. [Economics in Action, p. 13]

Learning activities to show how the scarcity of natural resources of Italy affect the living conditions of the people [Area I, Scarcity]:

Show the film, "Italy, the Peninsula of Contrasts."

Compare the northern, central, and southern sections of Italy as to land use, climatic conditions, crops produced, location of industry, capital investment, and technological development. Changing Old World, p. 115; Living in the Old World, pp. 188-189.

Readings: Our Changing Old World, pp. 121-122; Living in the Old World, pp. 204, 214-215.

Why did Italy not become a manufacturing nation as early as some other European nations? What natural resources have been developed in Italy that have changed the situation? Our Changing Old World, p. 121.

Relate all factors that have put northern Italy ahead of southern Italy. Our Changing Old World, pp. 123-125. Let the children contribute to class discussion by presenting a list of the factors.

Not many years ago the Italian government reported that one out of four persons living in southern Italy lived in "a state of poverty." Our Changing Old World, p. 123.

Not many years ago the United States government declared the Appalachian Mountain region a problem area due to the poor living conditions of the people.

Library Research: Ask the class to write a paper comparing the two areas considering:

--Climatic conditions and land terrain
--Scarcity of natural resources
--Living conditions of the people
--Means of transportation and communication

How is the problem in southern Italy being solved? What is being done for the people in the Appalachian area?

Class discussion: What more could be done concerning the Appalachian area? Southern Italy?

--List the different solutions for each
--Choose the best and give reasons for choice

Let the Fiat Producers of Italy complete the main bulletin board on the factors of production. Let them choose a product of Italy and show the different stages of production.

To present a picture of the living conditions of the people of Italy, let the Fiat Producers give an oral book report on Getting to Know Italy by Albert Craz. Let the report be given by panel with the moderator setting the scene for the story and asking for the following presentations:

--The changes that came about in Italy after 1870
--The Italian restaurants and food
--The schools of Italy
--Laundry day at Lake Gordo
--Italy, the originator of banks

Let a student tell the story of "Mr. Goldsmith Becomes a Banker." [Instructor No. 6, Vol. LXXIII, Feb. 1964, pp. 38, 44]

Ask the moderator to read orally the part of Getting to Know Italy, pp. 46-53. Ask each child to imagine that his father was a United States Navy man and had the family with him living on this United States naval base in Naples, Italy. Ask them to take an imaginary trip with their friend Giorgio to Shepherd's Market. Ask them to think of how Shepherd's Market compares with a market in the United States. [Area IV, Guide] Ask them to make a list of the goods found in the market dividing them into durable and nondurable goods.

Ask the students to identify the producers of goods and producers of services found at Shepherd's Market.

The following problem may be related to the arithmetic class:

If Giorgio's new shoes cost 900 lire in Italian money and 50 lire equals 8 cents of American money, how would this compare with the price of a pair of shoes in our country? Let the children bring the Italian money that they may have at home as souvenirs of World War II, and display for the class to see. Let them give reports on Italian money. [Library reference] Make a list on the blackboard of the wants of the Italian family at Shepherd's Market. Ask the students to make a list of things they would have wanted while at the market.

What may have been the opportunity cost to the Italian family concerning the decision made to purchase Giorgio's shoes at this time?

Evaluation

The boys and girls should understand after the study of Italy that:

1. Relative to human wants, productive resources are limited.
2. Productivity of an area or country improves the living conditions of the people.
3. Natural resources are not evenly distributed over the earth.

France

Area III, Guide, Productive Resources.

To satisfy the wants and needs of man, productive resources are used. The productive resources that a country possesses affects the amount and kinds of goods produced.

Learning activities: The Changing Old World, pp. 190-195; Living in the Old World, pp. 273-277; Your World and Mine, pp. 219-229.

Show the film, "France and Its People."

Ask the class to read Our Changing Old World, pp. 78, 190-196; New Book of Knowledge, Vol. 5, p. 320. Locate the Northern European Plain. Name the countries located on this plain. Discuss the climatic conditions favorable to farming in this area. [Living in the Old World, p. 279]

Use an outline map of Europe to show the iron and coal deposits of the six Common Market countries. [Your World and Mine, pp. 216; Merril School Atlas; Goodes World Atlas]

Locate the forest areas of France. From the products map located on p. 280 of Living in the Old World and the various references, name products which are produced from the forest. Name products that have been produced from the land. Discuss the changes that have come about in France due to depleted resources. Discuss the location of natural resources and how this affects the market prices of the goods.

Why have the rivers played such an important part in early transportation of the manufacturing industry? What part has technology played in the location of modern industries? [Area VII, Resource Reminders]

Use an outline map to show the population of the six Common Market countries. [Your World and Mine, p. 215; World Book Encyclopedia, Vol. E; New Book of Knowledge, Vol. E]

Discuss the fact that the quality and quantity of human resources available to a nation are constantly changing. How does the immigration affect this? How does technological development make this true?

Let the Renault Producers work on the factors of production bulletin board. [Guide, OVERVIEW; Area II] Explain to the boys and girls the role of the entrepreneur. [Economics in Action, pp. 72, 73; Area III, Guide]

Call a meeting of the High Authority. Let them work out plans for a bulletin board on the fourth factor of production, "Entrepreneurship." Show that the entrepreneur gets together the factors of production and puts them together in some form of business. [Area II, Part D]

Ask resource people to come into the classroom and explain their types of businesses to the children. Use a local person to represent each type. Ask the speakers to bring out the fact that a corporation has advantages over other forms of business, such as ease of raising capital funds through sale of stocks, and limited liability. Discuss advantages of proprietorship and partnership.

Working with pictures: "What Is a Corporation?" Film, Dept. of Education, Audio Visual Dept., Little Rock, Ark.; Our Changing World, p. 195. Classify the top picture as producer of goods or producer of services. What productive resources are involved? Compare the second and third pictures on p. 195 as to use of capital investment. Consider all factors of production shown in the farm picture, p. 195. Which farm would produce more goods?

Have each student select a product from the map on p. 280, Living in the Old World. Tell the story of the production of the product. Ask them to include natural resources involved, location of industry, availability of transportation, and kind and use of human resources. [Library reference, New Book of Knowledge, p. 151]

Ask the librarian to give a book talk on the "Getting To Know" books and the "Let's Visit" books dealing with the six countries. The bulletin board committee can arrange a display of book jackets titled "Watch the Common Market Grow." This will encourage outside reading and will be a good source for reports. After hearing reports on the various countries, a problem could be set up as in line with the outline in Area IX [Guide, Analytical Thinking].

Identify an economic problem mentioned in the story. Classify the natural resources, human resources, and capital resources involved. Suggest solutions for solving the problem. Pick out the best solution. Do research to find out what the country is really doing. Compare the situation to a problem in your own country, state, or area.

Make a bar graph to compare the production of cheese in France, Italy, and West Germany. (Models for graphs are included in the Guide.) France produces 1,230 million pounds; Italy produces 814 million pounds; West Germany produces 737 million pounds. Begin with 200 million pounds on the vertical lines. Place the names of the countries on the horizontal lines. Use this to strengthen understanding of comparative advantage (Guide, Economic Terms).

Questions for Discussion

Did France produce as much cheese as Italy and West Germany combined? How much more cheese did France produce than Italy? What productive resources were involved in the production of cheese? Let the class review the meaning of tariff, import duty, and quota. [Your World and Mine, p. 220] Ask that the children write out a definition of each and give an example. Let them share their work with the class.

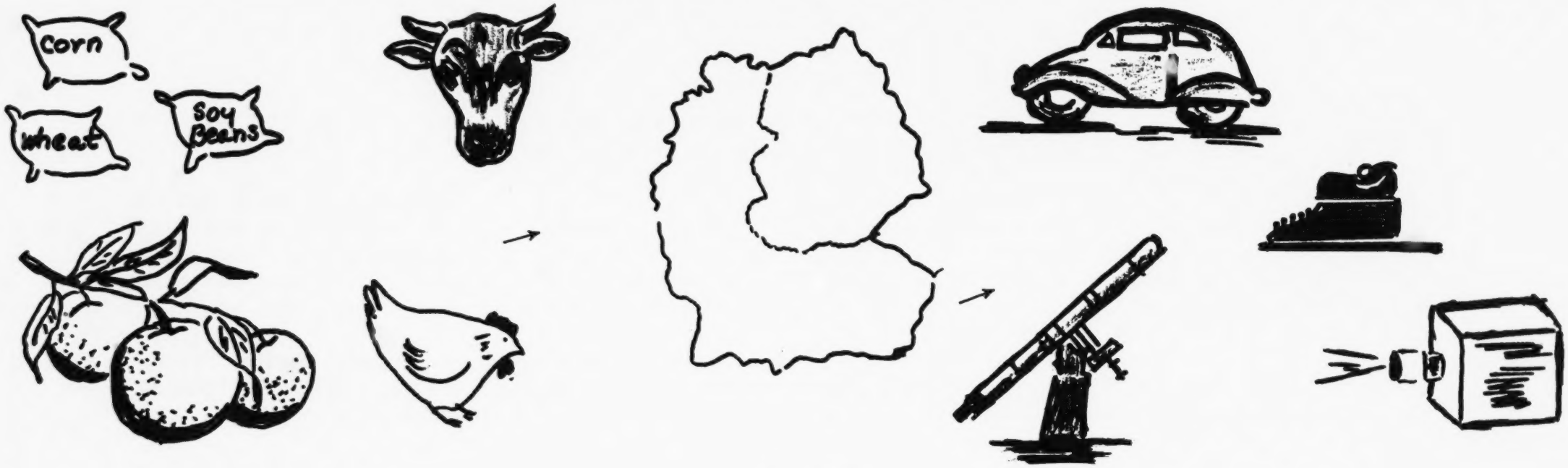
The French farmer favors a tariff on imported wheat. Ask the children to find out why Germany would favor a higher tariff on imported wheat. Why would Belgium, The Netherlands, and Luxembourg favor a lower tariff on imported wheat? (Consider their use of natural resources, human resources, and capital resources.) Compare the wheat farms of France and Germany. Compare the wheat farms in France with those in Kansas and Oklahoma. Consider the size of the farms, technological development, use of capital resources and human resources. [Changing Old World, p. 192; Your World and Mine, p. 237; Living in the Old World, p. 279; review Areas III, VII, and VIII, Guide] Ask the boys and girls to list the arguments for and against a protective tariff.

Research

Discuss the policy of the United States on the tariff question. "What changes of attitude has the United States taken?" [The New Book of Knowledge, pp. 316-334]

Point out to the boys and girls that the economic welfare of a country is determined by the extent and nature of a) natural resources, b) working population, c) capital goods, and d) opportunity for economic development.

With specialization and exchange of goods (within a nation and between nations) a larger total quantity of goods and services can be provided.



Germany

Man has attempted to make better use of resources by specialization, the use of technology, and entrepreneurship. [Resource Extenders, Area VII, Guide]

Readings: New Book of Knowledge, Vol. G-7, pp. 148-189.

Learning Activities: Show the film, "Germany, People of the West." Ask the boys and girls to find out why Germany must trade with other nations.

Readings: Living in the Old World, pp. 380-401; Your World and Mine, pp. 258-264; The Changing Old World, pp. 210-219.

Ask the Volkswagen Producers to show the factors of production of Germany by completing the bulletin board entitled, "Land plus Labor plus Capital equals Production." Refer to Guide Introduction.

Locate Germany on the maps, pp. 210, 213 in The Changing Old World, and p. 392 in Living in the Old World. Find the reasons for the changes in Germany since 1914. What part did scarcity of resources play in the changes?

Make a bar graph showing the population of East and West Germany. Refer to p. 454, Our Changing Old World; "Facts for Reference;" Your World and Mine, p. 502; and Living in the Old World, p. 522.

Compare the population of the two areas and point out the fact that with the heavy population of West Germany, specialization of industry became necessary in order to meet the needs of the people.

Ask the class to refer to the products map of Germany shown in the New Book of Knowledge, p. 151, and the First Book Atlas, pp. 54-55. Ask them to produce a chart or an original for a transparency showing area specialization. Show the areas of the Saar and Ruhr Valley and tie them in with the natural resources. They may be shaded different colors and the explanation set up in the map key.

In sharing this experience with the class, ask students to bring reasons for area specialization as geographical conditions, natural resources available, and transportation accommodations.

Let the Volkswagen Producers visit a Volkswagen dealer. Secure from him as much information as possible concerning specialization, division of labor, and interdependence as tied in with the production of the Volkswagen. The following should be included:

--pictures of the assembly line showing division of labor
--pictures of the Volkswagen
--figures on the cost per unit when bought in America
--ask if the importation tax affects the cost of the car for Americans

Share the experience with the class. Show the film, "The World Around Henry Ford." Read the story, "The Boy Who Put the World on Wheels," Reading for Meaning, Grade 6, p. . (Film may be obtained from your Ford Motor Company dealer.)

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Classify Henry Ford as an entrepreneur, living in a country which satisfies the wants and needs of its people by a "mixed economy" or "market system."

Using the library period, start research on Henry Ford. Climax this study with a library sharing period. Let the children display toy cars made in Germany, France, Italy, and the United States. Models may be obtained from the various car dealers.

For the research on Henry Ford, practice division of labor. Let some of the students run the card catalog for location of the subject headings: Henry Ford, Ford Motor Company, Assembly Lines, Mass Production, Division of Labor, etc. Let others check the "Reader's Guide" to locate periodical information available on the subject. Another group of the children may collect the books and take to the checking out desk.

The teacher should ask the librarian to set these books up for "Reserved Checking." She should ask the librarian to add any others that would be useful in the study.

Divide the research into the following areas continuing "Division of Labor:"

--Henry Ford as an entrepreneur
--Henry Ford's assembly line aids industry
--Henry Ford decides on Detroit for the plant; why?
--Mass production makes cars cheaper
--Machinery aids production
--Henry Ford, a friend of labor

Let a committee of Volkswagen Producers visit an American car dealer. Find out what effect the foreign cars have on the American car market. Ask him what small cars his company came out with in competition with the small foreign cars. If possible secure a speaker from the company. Let him explain this to the class showing pictures of his small cars.

Let the children display their collection of pictures obtained. The foreign cars and American small cars may be running a race, the goal consumer demand. Pictures may be cut out representing people on this goal line. The title, "The Race to Meet Consumer Demand." (The long bulletin boards above or below the chalkboards are excellent for setting up the race track.)

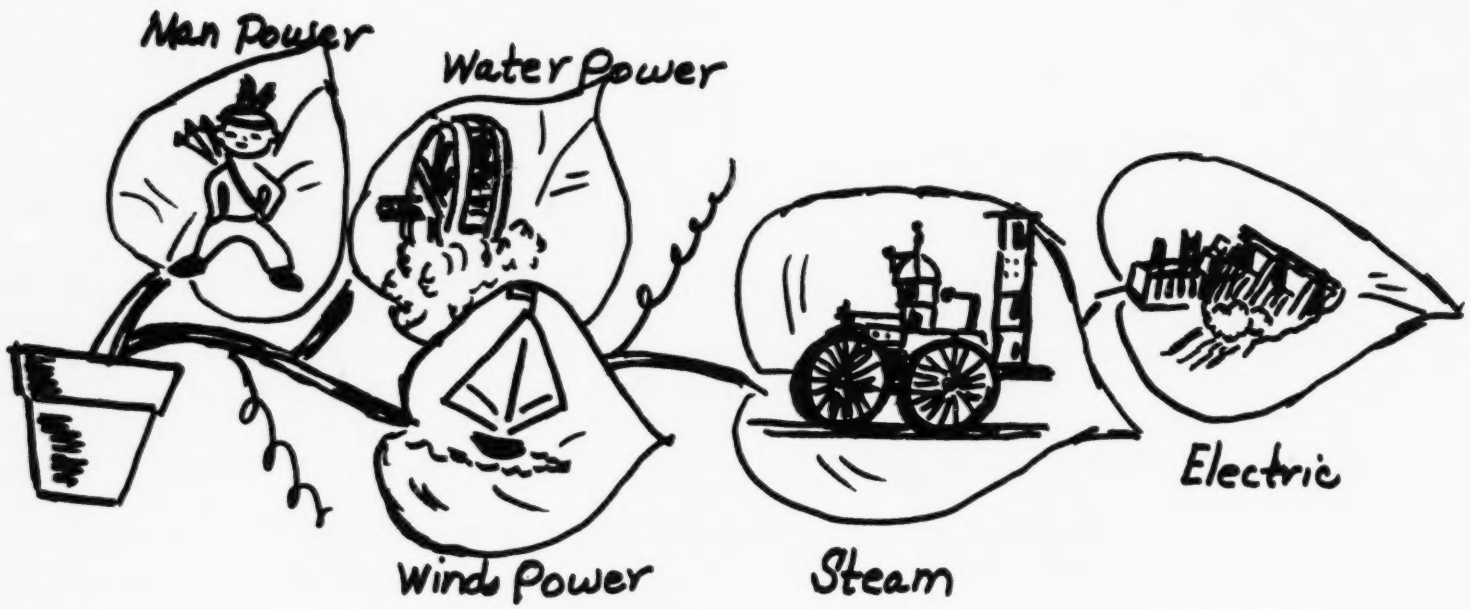
Evaluation

The boys and girls should now understand that countries specialize in the production of certain goods based upon the availability of resources and that this differs in different countries. They should realize that specialization results in a greater production and necessitates trade.

Ask the boys and girls to write a paper on "The Rhine, A River of Many Uses," Living in the Old World, pp. 395-397. [Area VIII, Interdependence and Trade, Guide]

Locate the River Rhine and its tributaries on a map of industry, Merril School Atlas, 1965. Let the children locate the ports of Hamburg, Bremen, Munich, Antwerp, Rotterdam, Mannheim, Cologne, and Dusseldorf. Let the children imagine that they are captains of boats that transport goods on the River Rhine. Make an imaginary trip from Antwerp and Rotterdam to Central Europe. List the names of the cities mentioned above on the chalkboard. Make a list of the goods likely to be exported from each one of the countries, also list the goods they would likely be importing.

Trace the development of other means of transportation in this area. What part has automation and technology had in this?



The Low Countries

Show the film on "Introduction to The Netherlands, Belgium, and Luxembourg."

Readings: The Changing Old World, pp. 196-203; Living in the Old World, pp. 330-347; Your World and Mine, pp. 207-217.

Ask the Lowland Producers to complete the factors of production bulletin board. Pictures will be cut from magazines to illustrate production of The Lowland Countries. [Refer to Guide, Introduction]

Make a "Time Vine" showing how technology has changed the use of power used in reclaiming land from the sea in The Netherlands. Cut a flower pot to represent The Netherlands. Place this on an area where it can stay during the study. Let a vine grow from the pot. Leaves can be added as the study progresses. Each leaf will represent a change of power in this order [Area VII, Resource Extenders, Guide]:

--manpower
--wind power
--electric power
--atomic power

Class Discussion: Talk about technological development. Compare the standard of living in the various countries. (Countries with high living standards usually have advanced technological development.) Belgium is a beehive of industry; why?

Let each child complete this statement in written form. Consider Belgium's location, good harbors, human resources, scarcity of land, and availability of natural resources. (Those available now and those depleted.) [Your World and Mine, p. 211]

List the problems common to the three Lowland Countries. Have group participation on ways of solving them. [Area IX, Economic Analysis, Guide--scarcity of land, depleted resources, heavy population, etc.]

Let each child write a paper "Benelux, A Move Toward European Unity." Ask them to show how removing tariffs will encourage trade among nations and also how more trade can affect the price of goods. (The scarcity of goods usually makes prices higher. When goods are plentiful, prices tend to be lower.) [Living in the Old World, p. 347; The World Book Year Book, 1963, pp. 143-154; The World Book Encyclopedia, Vol. E., "European Economic Community."] This paper can be done as a part of the language study.

Read Your World and Mine, pp. 216-217, to find out:
--Why did Jean Monet want to prevent the coal dispute between France and Germany from ever occurring again?
--What European countries formed the European Coal and Steel Community?

Ask the children to give opinions about the success of the European Coal and Steel Community.

An economic flashback--based on the historical development of the countries as brought out in the various texts--children may be assigned the following topics for oral reviews or written papers:
--During feudal times there were no highly developed economies
--There was economic stagnation caused by barter
--Production methods were primitive
--The six countries were isolated and trade was a problem
--As medieval institutions broke up, more economic freedom was possible
--The Industrial Revolution brought increasing trade and the rise of free enterprise
--Mass production created a need for trade
--World wars shattered national economies and resulted in political fragmentation which created nations too small to meet their own needs.
--Tariffs were imposed in order to protect domestic producers, inflicting higher prices on consumers, who were already suffering from scarcities.

Ask for a report to be given in the library sharing period on How the American Economic System Works by Sherwin S. Glassener and others.

Show the filmstrip, How the American Economic System Works. [Area IV, Guide, "The Market Economy of the United States."] Bring out the points that any economic system must decide:

--what to produce
--how to produce
--for whom to produce

Discuss the similarities of the American economic system and the one being established by the Common Market.

Explain to the children that the six countries have made an economic move toward a "United States of Europe." It is not a political union yet, but some people believe that a political union may someday be possible.

Present the following quotation from M. Jean Monet, Worldbook Encyclopedia Yearbook, 1963. It may be put on a chart or written on the blackboard:

> We are used to thinking that major changes in traditional relations between countries only take place violently, through conquest or revolution. We are so accustomed to this that we find it hard to appreciate those that are taking place peacefully in Europe, even though they have begun to affect the world.

After this review, the boys and girls should see that the many changes brought about by various causes have placed the individual countries in positions where they cannot compete economically with world powers.

Call a meeting of the High Authority, ask them to select a person to represent the class and write to the European Economic Community Information Service, Washington, D. C., for free information concerning the Common Market. (The kit furnished will include population maps, resource maps, booklets, pamphlets, and written speeches concerning the subject.)

Let the High Authority set up plans for making a model of the six Common Market countries. Enlarge a section of a map from the text or an atlas. The overhead projector may be used for this purpose. Use heavy cardboard for the base. Use papier mache to form the surface of the model. Show the mountains, plains, forests, rivers, and political boundaries. Use tempera paint to show the different areas, rivers, and political boundaries. A plastic toy fence obtained from a farm set may be used around the borders of the six countries to represent the tariff wall. The industrial cities and

harbors may be identified by labeling them with small colored flags mounted on toothpicks and inserted in the mache befcre drying.

Ask the High Authority to display the Facts Chart. Let the students discuss the chart and bring out the interdependence of the six countries.

For an arithmetic lesson ask the children to use the figures listed on the Facts Chart to find the average number of people per square mile for each country. Compare the population of the various countries.

Ask the children if they can see any connection between the number of people in a country and their choice of industrial specialization.

Economic Goals

Economic goals of the Common Market [World Book Yearbook, 1963, pp. 143-154; The European Common Market and the United States, by Maxwel S. Stewart, European Information Service; Basic Economics, Rudolph Trenton, pp. 407-411]:

1. To end forever the conflicts which have so long divided western Europe.
2. To restore the weight and importance of Europe in world trade and affairs.
3. To raise living standards and speed technical progress in expanding economy.
4. To abolish outdated trade barriers which split up western Europe into small protected markets.
5. To make possible large-scale operation in increasing number of industries in which it is essential, and particularly in atomic energy.
6. To make a special effort to help less-developed areas of the community and its partners overseas.
7. To set up institutions which will form the basis for a United States of Europe.

The goals of the Common Market should be stated in a simplified form for the children. Suggested ways are to present them on the chart, chalkboard, or give them as individual notes. Class discussion should be carried on as to how these countries have progressed in meeting the goals.

Read this story to the class: "Three Men On a Continent," World Book Yearbook, p. 143. This story shows the new pattern of life in Europe today setting the scene around the Decretons of France, Steins of West Germany, and the Oranis of Italy.

Let the children write a play "New Ideas in Europe," Your World and Mine, pp. 219-221. These readings show the exchange of goods and services and the flow of income now between the "six." Let them produce the play.

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Let the High Authority plan a bulletin board showing the explanation of GNP. The title could be presented as C + I + G + (X-M) = GNP. Pictures could be used to illustrate:

C - Consumer spending
I - Business investment
G - Government spending
(X-M) - Sum of exports minus imports
GNP - Sum total of above

Stress that GNP is the total value of all goods and services produced in a country in one year. It is measured in dollars since the output of goods and services consists of many different things. The economic welfare of a nation is measured by GNP.

Make a class chart out of the following statistics:

Western Europe, An Economic Giant

	GNP 1965 ($ billion)	% Growth Rate
Common Market	298.7	5.3
Belgium	16.7	4.4
France	93.5	5.1
Germany (Fed. Rep.)	112.2	5.6
Italy	56.7	5.6
Luxembourg	.6	3.5
The Netherlands	19.0	5.2

Study the chart and discuss: Economics in Action, Calderwood and Fersh; The New Europe and Its Economic Future, Arnold B. Barach.

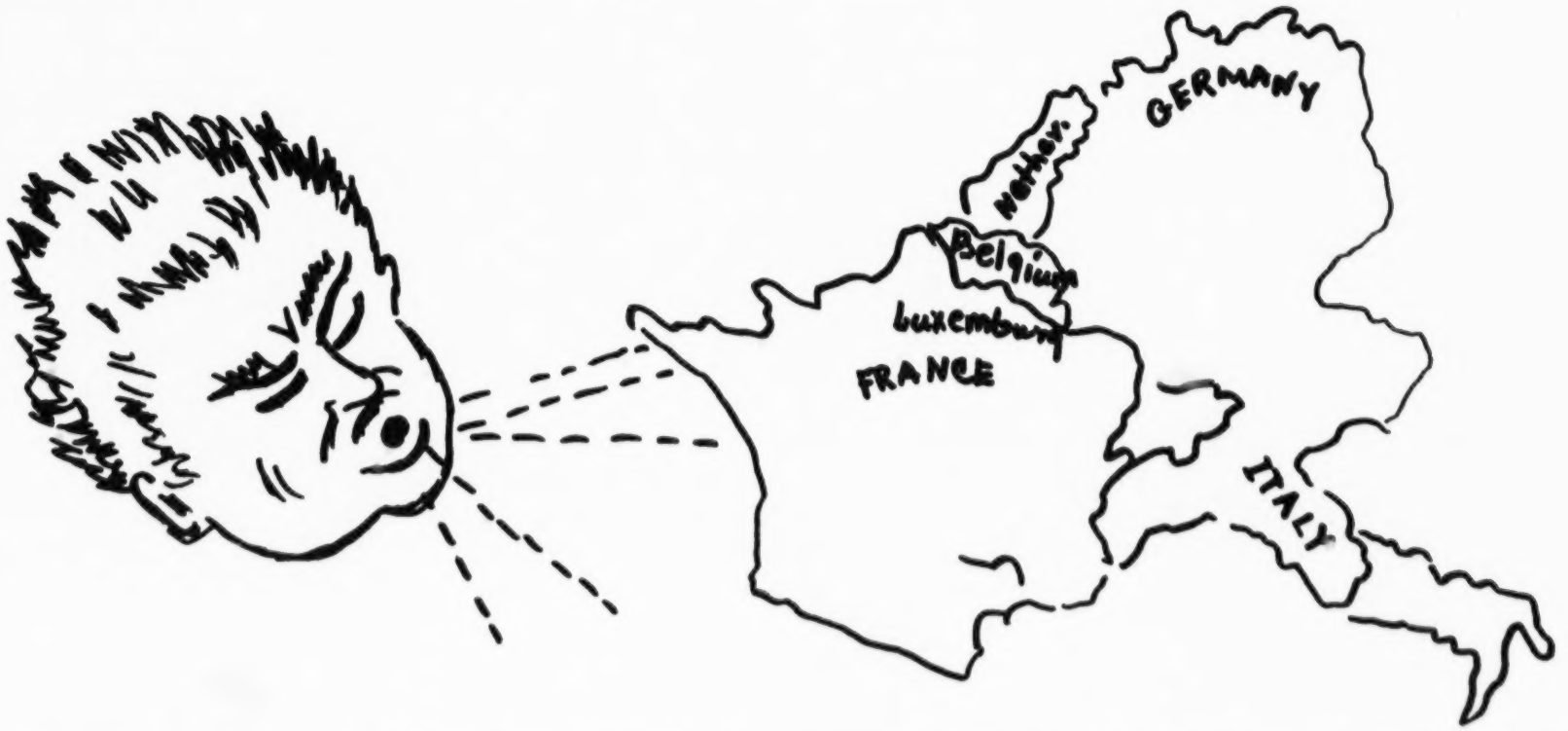
What effect is the rapid growth of the Common Market likely to have on living standards in Europe, on world trade, and on American foreign trade in particular?

Study the following chart and discuss the trading possibilities for the United States with the Common Market. Which of these possibilities will apply to Arkansas? (Consider the chicken production industry, rice production, and beef production.)

Shortages in Food and Feed Items, Common Market Countries--1965

(Figures in Metric Tons)

Commodity	Production	Consumption	Difference
Feed grains	30,273,000	40,600,000	-10,327,000
Citrus fruits	1,808,000	3,537,000	- 1,729,000
Fats and vegetable oils	1,966,000	2,602,000	- 636,000
Beef	3,357,000	3,885,000	- 528,000
Poultry, meat	1,293,000	1,376,000	- 83,000
Rice	593,000	621,000	- 28,000



The winds of new vitality blow through old Europe as tariffs and other restrictive controls fall, thereby permitting much freer flow of goods between countries.

Extra activities: [Area V, Analytical Thinking] Problems of Common Market, based on a study of Progressive Farmer Magazine ("European Common Market Casts a Long Shadow Into Your Future Farming," Vol. 83, May 1968, No. 5).

Mimeograph the following and give to each student:

Problem I

Since the Common Market's primary purpose for agriculture is to stabilize farm prices and food supply for member countries, farm commodities move duty free between countries. Levies imposed against agricultural imports from other countries go into a common fund for price supports. Starting in 1962, the Common Market has been moving toward a uniform price between member nations for farm commodities. Uniform prices for grain went into effect July 1, 1967.

	Per 100 Lbs
Barley	$5.02
Maize (corn)	4.98
Rye	5.16
Wheat (other than Durum)	5.84
Durum wheat	6.88 minimum ($7.98 guaranteed to farmer)

Whenever farmers' prices drop 7 per cent below the above figures, the farmer will be paid the uniform price out of the common fund. Market prices effective April 1, 1968, were set on:

Milk	$4.43 per hundredweight
Beef	.30 per pound
Veal	4.06 per pound

(1) Do you think a policy of stabilizing farm prices is good or bad? Why?
(2) What do you think the Common Market might do if the "fund" were not sufficient to pay farmers the uniform price?
(3) Figure how low prices on the above could go before the price subsidy would take effect.

Problem II--Surplus Production

They have found in Common Market countries just as we have in the United States that guaranteed prices tend to build up burdensome surpluses. Butter price was 64 to 62 cents a pound in 1964. After it was pegged at $1, production increased to a 250,000 pound surplus storage.

(1) What might be done with the surplus? Who is really paying for the surplus?
(2) How could the surplus production be stopped?

Problem III

Two million workers left the farm for industrial jobs in Germany during the past ten years. Industrial wage scales are high. Skilled laborers earn from 12 to 20 marks ($3 to $5) an hour; maids are paid $1.15 to $1.25 an hour in cities. Farm wages vary from 9,000 to 12,000 marks annually, or $2,250 to $3,000 in United States money.

(1) What are some of the good and bad effects of all of these workers moving?
(2) How might you eventually get the wages correctly adjusted to measure productivity?

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Germany, People of the West
The World Around Henry Ford (Ford Motor Company)
Introduction to The Netherlands, Belgium, and Luxembourg
How the American Economic System Works, Benefic Press

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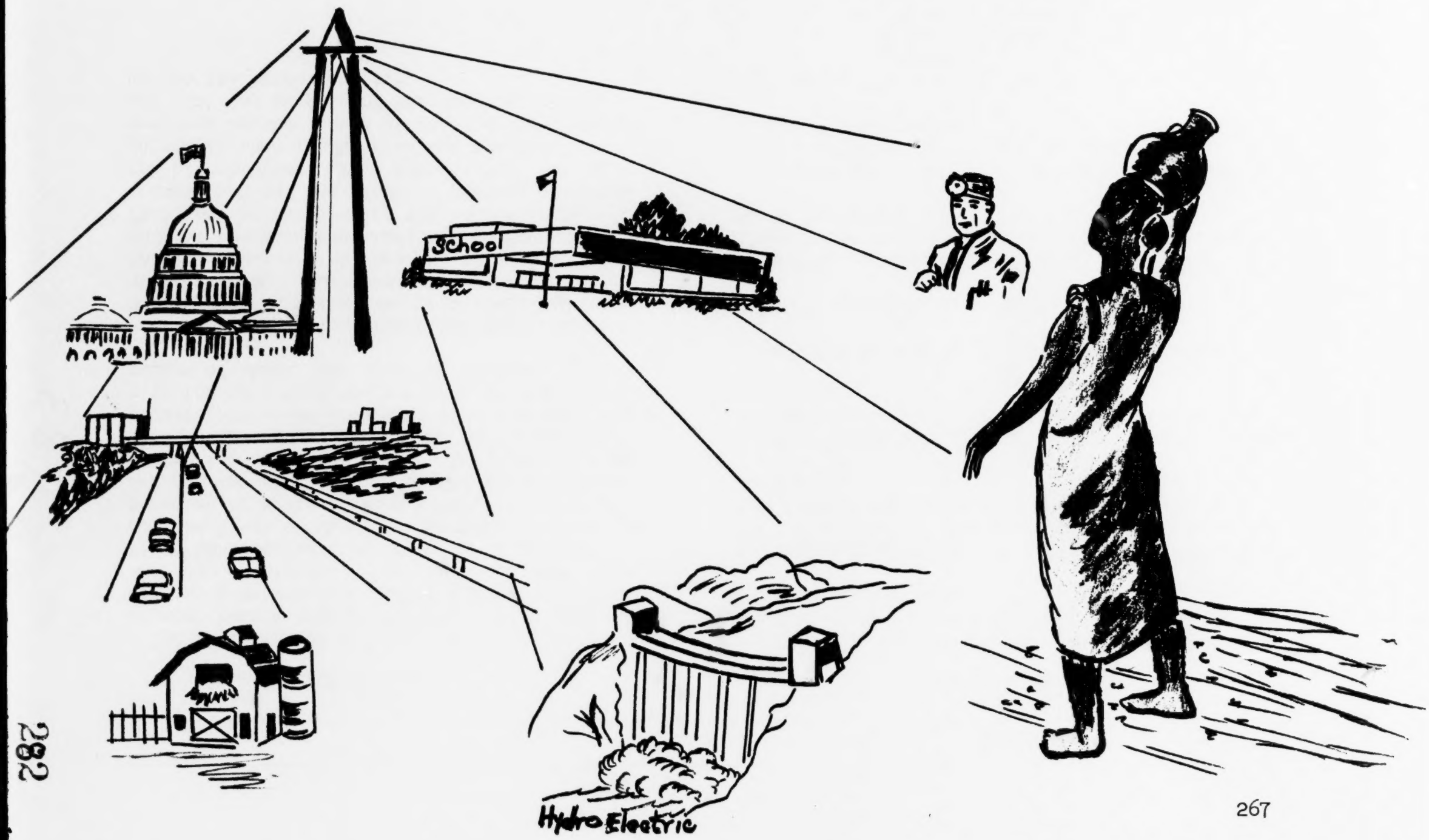
School
Hydro Electric

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Introduction

The Alliance for Progress is the culmination of more than a century of effort to secure cooperation between the United States and Latin American countries. There have been many barriers to understanding between the Americas, not the least of which is language. While the colonies of North America were developing as English-speaking people, claiming the "rights of Englishmen," the lands in Latin America had been conquered by Spanish and Portuguese explorers and these languages were adopted, along with the idea that the colonies belonged to the rulers of these then-powerful nations.

From the beginning, the North American settlers demanded religious, political, and economic freedom. European settlers in Latin America brought with them the idea that the rule of the king was absolute, including the fact that he was head of the church in his country and had the right to dictate decisions for his colonies. They brought also the mercantilist theory that a nation's wealth is measured by the amount of gold in its treasury and that the purpose of the colonies was to enrich the mother country.

Learning Activities

Stimulate discussion by establishing the fact that in parts of Latin America, explorers found advanced civilizations.

Try to find pictures, such as the Mayan ruins in the jungles of Guatemala or the structures of the Incas. Point out that the only tools were hand made.

What crops were grown in the various countries? How was this determined? (Discuss climate, terrain.)

Why did Europeans settle in Latin America?

What resources did they find?

Pupils should begin reviewing map skills by tracing the routes of Cortes, Pizarro, and other early explorers.

Relief maps should be made of papier mache or some such material to show the problem of so many mountains and jungles.

References: Filmstrip, "Spanish Explorers" (Eyegate)
Films, "Spanish Conquest of the New World," "Spain in The New World," "Colonial Life in Mexico."

Texts: In Latin American Lands, pp. 25-27, Heath; Understanding Latin America, pp. 71-79, Ginn; Living as American Neighbors, pp. 176-217, Macmillan.

Economic development depends upon the availability and use of natural resources, human resources, capital goods, and technology

It will be necessary to review the factors of production. (See Guide, Area IV) Natural resources, sometimes called "land" by economists, are the basic gifts of nature. Human resources include labor and entrepreneurship. Capital goods are those goods, such as tools and machines, which do not satisfy wants directly, but help produce what is wanted. Technology is basically the way the industrial arts are applied.

The early explorers of Latin America came to the New World to find gold and silver and to convert the Indians, but when they found other valuable resources, such as rich land and a large labor supply, many of them stayed. With the native Indian labor supply and the importation of Negro slaves, powerful land owners were able to develop large holdings and to control the development of the country. Mining operators also made good use of the labor supply. Cattlemen from Europe developed large ranches in Venezuela and Argentina. Thus the entrepreneurs were largely Europeans who exploited the native Indians and the Negro slaves. With this abundance of labor, little technology was used.

At the time of the development of industry in the United States, there was little more chance for saving and capital than there was in the Latin American countries. European capital was used

Learning Activities

Some pupils may make an oral report on one of the explorers or others important in the early history of Latin America. Include Cortes, Pizarro, Montezuma.

Other pupils should report on those who worked for the independence of their countries, such as Touissant, Xavier, Hidalgo, Moreles, Miranda, Bolivar, San Martin, O'Higgins. One should report on Maximillian.

After the reports, play "Who Am I?" Students prepare three clues of decreasing difficulty to see who can identify these men. (This game may be adapted to "Where Am I?" by giving clues to the different countries.)

Make a products map. (Living in the Americas, Macmillan, p. 495.)

References: Understanding Latin America, Ginn, pp. 28-34; The Changing New World, Silver Burdett, p. 437; Living in the Americas, Macmillan, pp. 2-12; Living as American Neighbors, Macmillan, pp. 218-243.

Films: "The Andes;" "The Incas."

Filmstrip: Mexico, Yesterday and Today Series, The Aztecs

to develop these industries in the United States, but it was not readily available for the countries of Latin America because of the instability of the governments. Investors are not eager to put their money into countries until they are assured of the success of the government in power.

At the present time, much of the capital being invested in Latin American countries comes from business interests in the United States which expect to make a profit from these investments.

Labor must be judged by its quality as well as the quantity of workers available. In countries where the rate of illiteracy is high, as in many Latin American nations, the labor will not perform as efficiently as in some other countries. Therefore, education is vital to a growing economy.

Learning Activities (cont'd)

Relate the activities of the patriots who shared in gaining the freedom of their respective countries to the background of the early Spanish explorers and show how each contributed to the development of the region. (This will have to be done largely by the teacher.)

Did the slavery system introduced in the countries help or hinder their economic progress?

Speculate on how the use of technology could have changed the history of these countries.

Why is there so much poverty in Latin America in the presence of such rich land and minerals? Try to find a chart showing the percentage of illiteracy in these countries.

Can you find the rate of illiteracy for your country? (Try the World Almanac.) What effect does this have on the rate of economic growth?

Certain regions can produce goods and services with different degrees of efficiency, as resources are not equally divided among the regions.

Latin American countries have a wide variety of climate from tropical lowlands to the snow-capped Andes. Climatic variations are due not only to the difference in latitude covered by such a vast continent but also to altitude. The tropical lowlands produce bananas, rubber, cacao, and sugar. At an altitude of 3000 feet coffee, vegetables, corn, and cattle thrive. In the highlands above 7000 feet hay, barley, and potatoes are grown.

Much of the land in Latin America is rich in mineral deposits which are important to the rest of the world--oil in Venezuela, bauxite in Haiti, tin in Bolivia, and nitrates in Chile.

This variety of products could be important in developing the region except for certain limitations which will be discussed later.

Learning Activities

Allow each child to select a Latin American country and make a detailed study of it--size, location, occupations, climate, products, terrain, etc.

Write a letter to a friend in your town from the country you chose, pretending that you have lived there for a year.

Try to find a flag of your country. If this is not possible, draw one. (Have them all made the same size.) Explain the meaning of the colors, symbols, etc., on the flag. (This information can be obtained from the World Book Encyclopedia.)

Learn some Latin American songs and dances and plan a fiesta.

Add some common Latin American words and phrases to your vocabulary such as hacienda, patio, fezenda, llano, gaucho, siesta, plaza, audiencia, cassava, chicle, maguey, hennequen, adobe, sisal, peso. (There are others the children can find.)

Learning Activities (cont'd)

Let each pupil fill in the following chart concerning his country:

Country	Area	Capital	Year of Independence	Population	Products

References: Filmstrip, South America--Along the Andes Series, Pan American Highway.

Trade between countries increases the goods and services each country can obtain.

Because of the tropical climate of much of Latin America, many products which cannot easily grow in the United States can be bought there--coffee, cacao, chicle. Brazil exports coffee, Bolivia mines tin, Chile has a surplus of nitrate for fertilizers, Venezuela has oil, and Haiti has rich deposits of bauxite. The United States can produce surpluses of electrical appliances, machinery, automobiles. The only way these surpluses can be bought by Latin Americans is to sell us their surpluses. Therefore, trade with Latin America is vital, not only to provide us with those products which we lack, but also to provide a market for our manufactured goods.

Another advantage of trade with these nations is helping them to develop economically in order to raise their standard of living and to become strong neighbors.

Learning Activities

Make a list of things which we import from Latin America.

Which of these things could we not have in abundance if we did not trade with Latin America? (Chewing gum, coffee, cocoa, chocolate candy, Coca Cola.)

Determine how many pounds of coffee we must buy from Brazil before someone there can buy a new refrigerator from us. Assume that there is no other trade between the two nations.

What products does your country export to the United States?

Why do we trade less with Argentina than with Brazil? (Make a point here that less trade exists between countries that produce the same kind of products.)

Show that Argentina occupies a similar position geographically in the Southern Hemisphere that the United States occupies in the Northern Hemisphere. (Fold a map on the equator to show that these countries lie in the same latitudes.)

References: It is assumed that pupils now can use the index of their texts and are familiar enough with other reference books to find the information without giving the actual page.

GRADE VI — The Alliance for Progress

A wartime economy requires that productive resources be diverted from peacetime production and distribution.

Many lives and productive resources were spent in the winning of freedom among the Latin American nations. Stories of personal courage and valor there match the bravery of the patriots who won the independence of the United States. In many places a longer time was required. These efforts had first priority on manpower, money, and equipment.

Even after independence was gained, there have been many border disputes which were settled only after long and devastating wars. In Paraguay, for example, so many of the young men were killed that it took generations for leadership to emerge. Somehow, the Latin Americans have found it impossible to settle these disputes by peaceful methods.

Money so diverted cannot be used in building roads and schools and for developing the economy. This is the principle of opportunity cost which states that the real cost of anything is in the value of what must be foregone in order to fulfill the demands of the choice made. The cost of war is not necessarily the actual payments for munitions but the advantages given up by utilizing the resources in their production instead of in some other way.

Learning Activities

Review the struggle for independence in many of the Latin American countries.

Look in encyclopedia for information about boundary disputes among these nations. Have all these disputes been settled?

On an outline map color areas that have been disputed. In each country write the name of the European nation which formerly owned the territory. Add the date of its independence.

GRADE VI — The Alliance for Progress

Nations which have only one or two things to sell sometimes have a difficult time.

Many of the Latin American nations have depended on a one-crop agriculture or a one-product industrial arrangement and have run into difficulty. For example, if the crop of coffee fails in Brazil, the people experience real hardship; therefore, in this nation much effort has been put forth to attract industry. If the price of coffee is too high, people reduce their consumption. When the Bolivian mines are closed for any reason, the people there have nothing to exchange on the world market.

Diversification in exports is a necessity for a high standard of living and a meaningful part in world trade.

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Learning Activities

Ask your parents or grandparents to recall the hardships they experienced during a drouth or other unusual circumstance.

Speculate on what would happen if there were no longer a demand for the products of some factory near your home.

On an outline map of Latin America, color the countries which depend upon one crop or one product and write in the name of the crop.

GRADE VI — The Alliance for Progress

Though technology has generally raised the standard of living among people it has often impoverished certain areas by creating new materials and new processes which reduce the value or need for products upon which the economy of the area is based.

Just as the part of the United States in which "cotton was king" suffered hardship when synthetics which could substitute for cotton were developed, many parts of Latin America have undergone a similar fate. Chile, whose exports were chiefly nitrates used for fertilizer, found itself unable to continue meaningful world trade when the chemical industry found a substitute which could be produced with less expense.

An unskilled labor force suffers when automation takes over. The need for education becomes greater as the necessity for retraining workers increases. With the low educational standards of much of Latin America, this retraining has not been accomplished. This is a definite deterrent to economic growth.

Learning Activities

Has automation caused anyone you know to lose his job?

Report on the new fabrics which have taken the place of much of the cotton which was formerly used for cloth.

For what kinds of jobs could an illiterate worker be trained?

How has the mechanization of farming affected the lives of people in the South? Has it been responsible for any of the problems in the ghettoes in both Northern and Southern cities?

Though the Pan American Union began as a defense action, it soon became apparent that it could become an economic union mutually beneficial to all its members.

When Simon Bolivar called the first meeting of all the American nations in 1826, it was for the purpose of mutual defense. However the United States did not send delegates to this meeting. In 1889 an invitation was sent to the other nations to meet in Washington for a conference which lasted four months. During the discussion much time was given to trade agreements as well as to military solidarity. This meeting led to regular meetings in the following years and a great deal of understanding was realized.

The United States adopted the "big brother" attitude. Because so many investors were finding opportunities to make great fortunes, the Latin Americans often referred to the United States as the "Colossus of the North." Where American business went, troops often had to go to protect those interests.

In 1823 President Monroe in the Monroe Doctrine warned European powers not to attempt any further colonization in the Western Hemisphere and not to interfere with existing governments in the hemisphere. The first test of the Doctrine came when Napoleon III sent an expedition to Mexico and seated Maximillian as emperor. When the United States prepared to intervene, Maximillian,

Learning Activities

On an outline map, color all the territory in Latin America which at one time or another was occupied by United States military forces.

Assign oral reports on the incidents mentioned in the discussion to the left.

Were any of these interventions justified as attempts to make the Western Hemisphere secure from European attempts? Be prepared to defend your answer.

Make a value judgment: Is a nation ever justified in defending the investments of its businessmen with military force?

What happened to American investments in Cuba when Fidel Castro took over the government? Should we have intervened?

Report on the Bay of Pigs during Kennedy's administration. Do you feel that this question was properly handled?

Look up and make an oral report on our naval installation at Guantanamo.

How did the United States maneuver to get permission to build the Panama Canal? (Note to teachers: This should be assigned to an advanced

sensing that he had lost support in France, withdrew his forces. In the ensuing struggle, he was executed.

During a boundary dispute between Venezuela and British Guiana, a war between the United States and Great Britain was narrowly averted. When the United States threatened to send a commission to investigate the long-standing dispute, Great Britain reversed its position and agreed to arbitration.

Another dispute involving Venezuela arose in 1902 when she was unable to pay her debts to Great Britain, Germany, and Italy. They threatened to blockade the coast of Venezuela, but when warned by President Theodore Roosevelt that they were violating the Monroe Doctrine, they agreed to arbitration.

In 1904, the Dominican Republic got into a dispute with several European nations over her debts to them, so they threatened to use armed force to collect the money. President Roosevelt issued a statement that if it became necessary for any nation to interfere in the affairs of any Latin American nation, it would be the United States and not a European power. This bold statement came to be known as the Roosevelt Corollary. This statement reassured the Latin Americans that the United States would not allow any nation to interfere in their affairs, but at the same time they knew that it was a weapon that could be used against them. In 1905 Roosevelt declared that the Dominican Republic was a protectorate of the United States,

pupil, but it should not be overlooked. It is one of the most fascinating stories in all of American diplomacy.)

Find and report on the causes of the war with Spain. How did the battlecry "Remember the Maine!" influence the war? Was this a victory of which Americans should be proud? What did the United States gain as a result of the war? Did the United States at this time have visions of building up an empire?

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and in 1916 when the Dominicans announced their intention of ending the protectorate, President Woodrow Wilson landed Marines and took over the government of the country. The Marines were withdrawn in 1924, but the "protectorate" continued until 1940.

Under somewhat similar circumstances, Marines were sent to Haiti in 1914 where they remained until 1934. The United States also exercised a great deal of influence over the governments of Nicaragua, Honduras, Colombia, Costa Rica, and Guatemala in the early part of the century. This influence was secured under a policy which came to be called "dollar diplomacy." American bankers often lent money to the governments of these nations and when they could not repay the loan, the United States government intervened to protect American financial interests. This policy created a great deal of resentment against the United States.

During Wilson's administration a revolutionary movement arose in Mexico and some American sailors were arrested. The whole dispute became an international incident when Villa, a leader of the rebels, crossed the border into New Mexico and killed some Americans. Wilson sent 100,000 troops to the border and the incident ended.

After these incidents, the United States began to try to heal the wounds inflicted by our intervention in the affairs of our neighbors to the south. Henry Stimson was sent as a goodwill ambassador to Nicaragua, and Dwight W. Morrow was appointed as ambassador to Mexico. Charles Lindbergh, the young American hero who had recently completed the first non-stop solo flight across the Atlantic, and Will Rogers, a beloved humorist, were sent as goodwill ambassadors to Mexico.

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GRADE VI — The Alliance for Progress

The Good Neighbor Policy denounced the policy of intervention in the affairs of Latin American nations.

In his Inaugural Address in 1933, President Franklin D. Roosevelt said, "In the field of foreign policy, I would dedicate this nation to the policy of the good neighbor--the neighbor who resolutely respects himself and, because he does so, respects the rights of others. . . . No state has the right to intervene in the internal or external affairs of another state."

A test of this policy came in 1938 when Mexico confiscated the properties of all foreign oil companies. American investors demanded that the government intervene, but Roosevelt refused. He urged the investors to try to get payment for their losses from the Mexican government. The problem was resolved and by 1949, all payments had been made.

Thus, the efforts begun in the 1920's under the leadership of Presidents Coolidge and Hoover, became successful under the determined courage of Franklin D. Roosevelt.

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Learning Activities

Can you find any evidence that the relaxed attitude of the United States paid off in establishing goodwill and hemispheric solidarity?

How did the Latin American nations react during World War II? (Of course, this might have been as much to protect their own interests as to help their neighbor to the north!)

GRADE VI — The Alliance for Progress

The Alliance for Progress goes beyond the hope of mutual understanding and trust expressed in the Pan American Union and the Good Neighbor Policy by promising economic and technical aid to Latin American nations.

C. R. Oliver of the Department of State says that the basic policy of the United States under the Alliance for Progress is to assist, encourage, and urge dramatic changes in Latin American countries and help each society develop its own values, judgments, and to improve the lives of the people in their own cultures. The true end of the Alliance is to improve the lives of the people, not just to increase the wealth of the nations.

President John F. Kennedy made these statements:

> To our sister republics south of our border we offer a special pledge--to convert our good words to good deeds in a new Alliance for Progress--to assist free men and free governments in casting off the chains of poverty.
>
> I have called on all the people of the hemisphere to join in an alliance for progress--a vast effort--to satisfy the basic needs of the American people for homes, work, and land, health, and schools.
>
> We invite our friends in Latin America to contribute to the enrichment of life and culture in the United States. We need

Learning Activities

Discuss each quotation with your teacher as she presents it. Do you agree with President Kennedy? How does his attitude differ with those of earlier presidents? Might not their actions have been justified because of the events and times in which they lived?

Can you think of any contributions of Latin America which have enriched your life? What is your opinion of calypso music? Of the gay colors of the native costumes?

What returns might we expect from the $20 billion investment? That's a lot of money. Did you know that if you had had one billion dollars on the day Christ was born and had spent a thousand dollars each day since, you would still have more than 250 million dollars left?

Is it fair to ask the Latin American countries to share their own resources as suggested in number 2 of the "Provisions" of the Alliance?

teachers of your literature and history and tradition--opportunities for our universities--access to your music, your art, and the great thought of your great philosophers. For we know we have much to learn.

Provisions of the Alliance for Progress

1. The United States will provide $20 billion over a period of ten years (beginning in 1961) for social and economic development.
2. Latin American countries must share their own resources to make the reforms necessary to assure that all share fully in the fruits of the Alliance.

Goals of the Alliance

1. Raise per capita income
2. Increase agricultural production
3. Make tax reforms
4. Build schools, roads, hospitals
5. Improve education
6. Print textbooks
7. Help with economic and social reforms
8. Improve water systems
9. Encourage joint industrial development in cellulose, chemicals, electronics, food, metallurgy, lumber, fertilizer, manufactured metal products.
10. Encourage Latin American students to direct their intelligence toward developing the new skills and systems needed to meet the changing needs of their new societies.

Learning Activities (cont'd)

If you were given full power of a dictator in one of the Latin American countries (the one you chose earlier), which of the goals listed opposite would you strive for first? List the steps you would take. How would you attempt to raise the per capita income? Find the per capita income for your country (use the World Almanac) and set a goal for the next five years. What steps would you take in your country to increase agricultural production? Be sure to consider climate, elevation, and products which can be raised there.

How might your decisions be changed if things were decided by the democratic process, rather than by your dictatorial decisions?

Which of the goals would you expect to find the most difficult for your country? Base your answer on the present conditions. (Again, use the World Almanac.)

Of the progress which has already been made, which represents the greatest effort on the part of your country? Which do you feel have not been reached in your country? Why?

How might economic and educational progress have influenced the stability of governments?

Progress Made by the Alliance
Through 1967

1. Nineteen of twenty-one nations have formed some guarantee agreements with the United States to protect the investments of private citizens.

2. Primary school enrollment has increased 50%.
   Sixty thousand teachers have been trained or given additional training.
   Fourteen million books have been distributed to schools.
   Sixteen million children have been fed by school lunch programs.
   Secondary school enrollment has increased more than 100% since 1960.

3. Electric power has increased 66%.

4. Road mileage has increased 16%.

5. Eighty-eight per cent of foreign aid funds were spent in the United States for goods and services.

6. There has been an increase in political stability. There has been no change of government for the past 26 months (August, 1968) as compared to an average of three changes annually for the preceding 36 years.

7. Food production has kept pace with the growing population.

8. There has been increased technical competence.

9. Investments by Latin American businessmen increased 89%.

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10. New houses have been built--300,000 since 1961.
11. New hospitals or medical centers and new safe water systems have been constructed in many communities.
12. Millions of people have been given protection from malaria and smallpox.

Expected Future Developments

1. Improved world telecommunications system using satellites.
2. Jungle Edge Highway opened to Colombia, Ecuador, Peru, and Bolivia.
3. River Plata Basin Development plans--hydroelectric, transportation, industrial.
4. Open up inner frontiers of Latin American countries.
5. Stimulate regional trade.
6. Modernize agricultural and rural areas.
7. Increase resources for health and education in every land.
8. Increase technology by establishing regional institutes.
9. Eventually organize a Latin American Common Market which would gradually eliminate tariffs between the countries and establish a common tariff on foreign goods.

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Learning Activities (cont'd)

You are still the leader of your country. Which of the "expected developments" will you give your attention to first?

Will you favor your country joining the Latin American Common Market? Why?

Adequate transportation and communication facilities are necessary to economic growth.

Because of the rugged terrain and almost impenetrable jungles in much of South America, road building has been extremely slow. Most of the trade has been with foreign countries by means of ocean shipping. In a viable economy the supply of goods is adjusted to meet the demand, but with inadequate transportation there can be little exchange. In much of the area, people must carry their products to market on their own backs or on the backs of animals. As each nation has developed within the limits of what it can produce itself, the economy of the whole region has tended to stagnate.

Communication, likewise, has been inadequate. Aside from the need for information about markets, poor communication hampers the knowledge of industrial opportunities and developments, and for most of Latin America, subsistence farming remains the predominant way of life.

Learning Activities

On an outline map of the Western Hemisphere, trace the route of the Pan American Highway. How does this highway help the development of Latin America?

Try to locate someone in your community who has visited in some Latin American countries. Invite him to visit the class and tell of what he has seen.

Why is it possible for bands of terrorists to "hide out" in many parts of Latin America?

Does your church have missionaries anywhere in Latin America? Try to find out where and something of their experiences because of poor transportation and communication.

Air travel has developed more rapidly in Latin America than in many more advanced countries. Can you explain why?

In spite of this list of achievements and the ambitious plans for the future, Dr. Rudolph W. Trenton writes:

> The results of this ambitious effort still belong to the future. The cooperation foreseen by the charter of the Alliance has not yet been forthcoming by all participating nations. Currency disorders, expropriation, and nationalistic restrictions by local governments do not provide the fertile ground which is needed if the seeds of foreign aid are to be brought to full flower. The ultimate success of this venture will largely depend on what Latin America does for itself. (Basic Economics, Appleton, Century, Crofts, 1964, p. 393.)

Evaluation: Do the pupils appreciate the difficulties facing an underdeveloped country in its struggle for economic development?

Do they realize the importance of a stable government to an economic system?

Has their sense of the interdependence of all men been deepened?

Have they understood that the principle of opportunity cost makes wars very expensive?

Is there awareness that basic human needs and wants are very similar for all civilized men and that we are more alike than different?

Has their belief in the necessity for education of all been strengthened?

Do they know that their own set of values might not be applicable to all men at all times?

Do they realize that not all of our concern for Latin America has been motivated by philanthropy?

A Year in Economics With a Second Grade

Opportunities for teaching economics can be found almost any day, in every way, and in every subject. This study started in the classroom of a second grade teacher after a review of what had been done in the first grade, and grew step by step during the whole school year.

The study was divided into four parts and was centered around a series of four charts and seven posters which grew out of the regular social studies and language arts program of the school.

The posters were constructed by the children. They made use of economic terms as the economics vocabulary was developed through experiences and use.

Goals for the teaching experience were as follows:

1. To teach some basic economic concepts which could be understood by second grade children.
2. To help children to become familiar with a vocabulary of economic terms which they could use in discussion.
3. To help children to begin to become aware of our American way of life.
4. To help children to begin to gain an understanding of the history of our country.
5. To give children some understanding of how people live and work together in a community.
6. To show children how individuals prepare for an occupation, how they receive their income, and how the income is used.
7. To help children become familiar with important community workers and to understand their place in the community.

Development: Part I was organized in the following divisions:

1. The family
2. Early homes in America
3. Early and modern transportation in America
4. People who lived in America:
   a. Pilgrims
   b. Indians
   c. Lincoln and Washington, two famous presidents

Economic Understandings

1. A family is a group of people living together, sharing work and fun.
2. Division of labor is found within the family.
3. All family members are consumers. They are not all producers.
4. Our basic needs are food, clothing, and shelter.
5. Barter was an early means of trading without use of money.
6. Not many workers were skilled in pioneer times. Today many workers are specialists.
7. Scarcity existed in early America.
8. Much human labor was needed in building early homes.
9. Production was slow in pioneer times. Production is faster today because of better equipment.
10. Tools and machines were not available for road building in early times.

Activities

1. Children drew pictures of their families at work and at play.
2. The film "Our Family Works Together" was viewed. (This emphasized the fact that family members are dependent upon each other.)
3. Children dramatized the work they did at home.
4. "Here Come the Bees," by Gourley, was read to the children so they could understand division of labor.
5. Producers, consumers, and our basic needs were discussed.
6. The game of producers of goods and services described on p. 39, Resource Unit, "Our Working World," by Lawrence Senesh, was used.
7. Children drew pictures to illustrate the charts and posters.
8. A mural was made of early and modern houses in America. (It was called "Now and Then.")
9. In role playing a tepee was made of wooden poles and heavy paper for our November Open House. The children brought a collection of

Activities (cont'd)

Indian articles to share and exhibit. Charts were made for parents to see how economics was related to early America.

10. At Thanksgiving, stories about Pilgrims were written. Producers, consumers, shelter, clothing, and food were key words in the stories.

11. The children made a bulletin board showing transportation by land, sea, and air. They drew pictures to depict travel "now and then."

12. A civil engineer, Mr. Bruce McFadden, Greg's father, visited the room to tell about road building today.

13. A field trip was made to Plantation Museum at Scott, Arkansas. Early farm equipment and other things found on a plantation were observed.

14. Children brought books to school about Lincoln and Washington. These were shared by the room.

Part II was developed around the community with emphasis on:

1. School workers
2. Other community workers
3. Paying these workers
4. State
5. Nation

Economic Understandings	Activities
1. People live in communities where they share some things.	1. A pictorial map was made of the immediate community locating streets, the school, and the fire station. Each child made his home and placed it in the proper location. (This activity served as an introduction to the community study.)
2. The school is a small community where people work together for the good of the group.	2. School workers came to the room and told about their work. They included the principal, the school secretary, the nurse, the custodian, and the cafeteria manager.
3. Many workers are needed to operate the school.	
4. Capital tools are used by school workers.	

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Economic Understandings (cont'd)

5. People may receive social security upon retiring.
6. When people specialize, they must depend upon each other (interdependence).
7. People must pay taxes for community services.
8. Community workers produce services.
9. It takes the services of many people to protect everybody.
10. Our city is one community in the state of Arkansas.
11. Our state is one of fifty in the nation.

Activities (cont'd)

3. Films were viewed and books read about community workers.
4. Children walked through the school to see capital tools.
5. The "Guessing Game" was played as the work of community helpers was dramatized.
6. Dr. Hardin, a dentist, Capt. Henley of the fire department, and Lt. Williams of the police department, talked to the children.
7. Thank-you notes were written.
8. Children drew large tempera pictures of community workers. They displayed them in the hall with stories of workers.
9. The state and the nation in relation to the community were discussed.

Part III grew from a discussion of occupations with emphasis on:

1. Pioneer occupations
2. Colonial occupations
3. Occupations of our fathers:
   a. How they were trained
   b. Income
      1) taxes
      2) savings
      3) checks
      4) profit
      5) savings stamps

Economic Understandings

1. People in America are free to choose an occupation.
2. There were few occupations in pioneer times. Now people have a bigger choice in choosing an occupation.
3. Fathers must have training for their occupations. Some fathers have special training. Sometimes fathers change jobs for better pay or for other reasons.
4. Income is the pay father receives for his work.
5. Some fathers pay their own salaries. Others are paid by companies and by people for whom they work.
6. Part of the income is used for family food, clothing, and shelter.
7. Families must pay taxes out of their incomes.
8. Profit is the money left after all expenses have been paid.
9. You can borrow money from a bank.
10. Money may be deposited in a bank.
11. Interest is the money the bank pays for use of your money.
12. A check tells the bank to take a certain amount of money out of your checking account.

Activities

1. Films were viewed and books read about occupations. Discussion followed.
2. Children wrote notes to their families asking them to do something special. Would they tell their children about their occupations, how they were trained and who paid them? When this information was returned, a sheet in the chart was developed for each worker's occupation.
3. Fathers came to the room, brought "tools of their trade" and talked to the room.
4. A trip was taken to Kristen's farm to see her father working at his occupation.
5. P.T.A. room mothers sold savings stamps in the school library. Eleven children from the room bought these.
6. A poster was made showing that children could go into a bank for the savings, for a checking account, to borrow, or to exchange a savings stamp album. They could leave the bank with interest, cash, or a twenty-five dollar bond.
7. The "I Want To Be" series of books was displayed in the room. They were read and discussed. The following song was composed and sung to the tune of "Johnny Get Your Haircut" or "Hey, Betty Martin." (Music, Silver Burdett, Grade II)

I Want To Be

I want to be a policeman, policeman, I want to be a policeman--Yes, I do!
I'd direct traffic in my uniform, uniform, I'd blow my whistle in the happiest, snappiest way.

I want to be a teacher, teacher, I want to be a teacher--Yes, I do!
I'd help the children read and write and study and work and play, all the day.

I want to be a nurse, nurse, I want to be a nurse--Yes, I do!
I'd learn to care for sick people, sick people, I'd learn to give shots and medicine, too.

I want to be an airline hostess, hostess, I want to be a hostess--Yes, I do!
I'd be polite to passengers, passengers, I'd speak to everyone on my way.

I want to be a scientist, scientist, I want to be a scientist--Yes, I do!
I'd study and read of dinosaurs, dinosaurs, I'd help children do experiments, too.

Part IV--Economics at Work; this part resulted from a field trip:

When Greg's father visited the room, he told us about the bituminous asphalt plant supplying asphalt for roads he was helping to build. A visit was made to the asphalt plant.

Economic Understandings

1. Asphalt is made from natural resources.
2. Workers help in the production of asphalt.
3. Some workers are skilled in doing certain jobs at the plant.
4. Each worker has a certain job to do.
5. Materials for making asphalt are transported to the plant.
6. Capital tools of production help to produce asphalt quickly.

Activities

1. Room mothers took the children to visit an asphalt plant.
2. Discussion followed
3. A bulletin board was made using information gained from the trip, namely, about natural resources, human resources, transportation, capital tools of production, division of labor, management, specialization, and income.

Economic Understandings (cont'd)

7. The owner has charge of the plant. He pays his workers. He is called an entrepreneur because he takes the financial risk of running the plant.

Teaching Materials Used

FILMS

(Most of these are on free loan from Audio-Visual Dept., State Dept. of Education, Little Rock, Ark.)

Your Family
Our Family Works Together
What Our Town Does For Us
What Is a Neighborhood?
Our Community Works Together
Helpers At our School
Helpers In our Community
Building a Highway
Helpers Who Come to Our House
What Do Fathers Do?
Boyhood of Abraham Lincoln
Boyhood of George Washington
A Pioneer Home
Indians--Boy of the Seminoles; Hopi Indians; Hopi Indian Village Life
The Apache Indian
How Machines and Tools Help Us
How Simple Machines Make Things Easier
Geography of Your Community
The Policeman
The Doctor
The Nurse
The Farmer
The Fireman
The Freight Train

BOOKS AND OTHER MATERIALS

Weekly Readers, Children's Newspaper, American Education Publication, Neighborhood Pictures, Field Enterprises
Our Working World, by Lawrence Senesh, Science Research Associates
The "I Want To Be" Series, Greene (Airline Hostess, Baker, Ballet Dancer, Baseball Player, Bus Driver, Carpenter, Doctor, Farmer, Fireman, Nurse, Policeman, Road Builder, Scientist, Teacher)
Moving Day, Hilles
A House For Everyone, Miles
A Day With Daddy, Skarr
Growing Up With Daddy, Wilson
Little Indian Pottery Maker, Clark
Happy Little Family, Caudill
True Book of Houses, Carter
The New Sitter, Abel
Family Helpers, Hoffman
Here Come the Bees, Gourley
Machines at Work, Etting
Simple Machines and How They Work, Sharp
Country Garage, Beim
Jay's Big Job, Beim
The Day Daddy Stayed Home, Kessler

FIELD TRIP

Suggestions for a Local Study

Type of Industry

Why located here?
Does it produce a good or a service?
Is it owned individually? Is it a partnership? Is it a corporation?
How does it help the community?

Use of Productive Resources

What natural resources are available?
Why was this site chosen--what are the advantages?
What was the approximate cost of the site?
What raw materials are used in production? Local materials? Imported materials?
Could this enterprise be located in another region? Why? Or why not? Where?
Is the power supply adequate? The water supply?
Is the climate a factor?

Human Resources

Is there an adequate labor supply locally? Do any workers commute from other towns?
Is there a need for skilled or unskilled labor or both?
Is there an opportunity for worker advancement?
Is the work seasonal or full time?
How many employees are working?
Is there a training program for helping the employees keep abreast of new technical changes?
What factors might cause unemployment in this enterprise?
How are wage and salary agreements made?
How are communications between employees and management carried out?
Do the employees receive any benefits from the enterprise beyond wages?

Capital Resources

What tools or machinery are used? Has this enterprise been affected by automation?
Is the equipment owned or rented? Why? (Sometimes it is cheaper to rent.)
What are some of the operating expenses?
Does the company ever put any of its profit back into the enterprise?
What is the annual payroll in the community?

FIELD TRIP

Suggestions for a Local Study

Where did the company get the money to begin production?
What taxes are paid and how are they determined?
Does this enterprise plan to expand?
Approximately what is the total investment of capital? (Include tools, machinery, trucks, equipment, buildings, savings, etc.)

How does the government regulate this enterprise?

Marketing

Where does this enterprise market its products?
How does it compete with other producers in the market?
How are sales carried out?
What types of transportation are needed to get the products to market?

Pricing

How are prices determined for the goods and services produced?

Growth

How does this enterprise contribute to the growth of the community? To the standard of living of the people? To the cultural welfare of the people?

MATERIALS FOR THE TEACHER

High School Textbooks

Calderwood, James D., and Fersh, George L. Economics in Action. Macmillan Company.
Witchel, Gordon. An Introduction to the American Economy. D. C. Heath and Company.

College Textbooks

Heilbroner, Robert L. The Worldly Philosophers. Simon and Schuster, Inc.
Trenton, Rudolph W. Basic Economics. Appleton-Century-Crofts, Inc.

General References (Available through the Joint Council on Economic Education unless otherwise noted)

Pan American Union. American Republic Series. Washington, D. C.: Pan American Union. (Kit of 19 pamphlets)
The World Almanac and Book of Facts. New York: New York World-Telegram and Sun.

Daugherty, Marion, Consultant Economist. Economics in the School Curriculum, A Primer of Basic Understandings. Illinois Council on Economic Education.
Developmental Economic Education Program, Teacher's Guide.(DEEP).
Economic Education Experiences of Enterprising Teachers. The Kazanjian Foundation Awards Program. Vol. I, II, III, IV, and V.
It's Elementary, It's Economics. Grades 1 through 6. Prepared by Quincy Public Schools, Quincy, Massachusetts.

Curriculum Guides for Elementary Schools, Produced by DEEP (Available through the Joint Council)

1. Davison, Donald G., and Kilgore, John H. The Child's World of Choices. Iowa City: Bureau of Business and Economic Research, College of Business Education, University of Iowa.
2. Economic Education for Washington Schools, Kindergarten through Grade 6.
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"MH" — McGraw-Hill Book Company
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"SVE" — Society for Visual Education, Inc.
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DICTIONARY OF ECONOMIC TERMS*

Allocation: The act of making choices among alternative ways of using economic goods.

Assembly Line: A way of producing standardized goods with division of labor organized to function with the greatest possible saving of time and motion.

Assets: The funds, property, and finished goods owned by a company or individual, plus any debts owed to them.

Automation: Production in which self-regulating controls make it possible for machines to perform a series of operations without human aid.

Balance of Trade: The difference between the value of a country's exports and its imports.

Bank: An institution for lending, borrowing, issuing, or caring for money. Two important types are savings banks and commercial banks. Both accept time (savings) deposits and lend money. Only a commercial bank accepts demand deposits (checking accounts).

Barter: A system of direct exchange of goods or services that does not involve the use of money.

Budget: A plan for spending estimated income.

Capital: One of the three primary factors of production, along with land and labor; includes all physical assets (machinery, factories, and materials) of a business except land.

Capitalism: An economic system based primarily on private ownership of the means of production. Competition and the desire for profit are key motivations.

Checking Account: The demand deposits held in a commercial bank. A person can withdraw such deposits on demand by writing a check drawn on the account.

Communism: An economic system based on state ownership and/or control of the factors of production.

Comparative Advantage: The principle which explains that all nations benefit if each concentrates on producing and exporting goods they can produce with the greatest efficiency and importing goods in which they have the least relative efficiency.

Competition: The ability of a number of sellers of similar products to offer them in the market without substantially affecting the price.

Consumer: A user of goods and services.

Consumer Goods: The goods purchased and used by consumers to satisfy their own needs; such goods are usually not used to produce other goods.

Costs: The total payments, growing out of production, made for land, labor, capital, and the enterprisers. These payments are termed rent, wages, interest, and profits.

Currency: A medium of exchange such as cash, checks, or postal money orders.

Demand: The amount of a good that buyers in a market are ready to buy at a specified price at a given time.

Division of Labor: Separation of work into many different operations through specialization.

Durable (hard) Goods: Consumer goods that last for several years.

Economic Interdependence: The state of being dependent upon each other for goods and services.

Economics: The study of how goods and services are made available to satisfy human wants.

Economizing: The process of deciding how to use scarce resources when faced with alternative possibilities.

Economy: The total of all institutions in a nation that contribute to the production, sales, and distribution of goods and services.

Enterprise, Private: A privately owned business producing goods and services for sale at a profit.

Exchange: The transfer of goods and services between producers and consumers.

Factors of Production: The primary factors of production are land, labor, capital, and entrepreneurship. More recently government has been added as a factor.

Goods: Material things that are capable of satisfying human wants as distinguished from services.

Gross National Product (GNP): The total value of all goods and services produced in a year.

Human Resources: The working force and its latent and developed skills and abilities.

Income: The return or material benefits, expressed in money or other material benefits, arising from the services of people or from the use of wealth.

Inflation: A continuing rise in the level of prices, resulting in a decrease in the purchasing power of a nation's currency.

Interest: The amount paid for the use of other people's money.

*Source: New England Economic Education Council.

D I C T I O N A R Y (cont'd)

Investment: Money contributed from individual or corporate savings to provide capital needed by businesses to produce goods and services.

Labor: The sum total of the efforts of all human beings engaged in the process of production of goods and services.
Land: One of the primary factors of production; it includes not only land itself, but also all natural resources.

Management: One of the factors of production. It brings together and directs the use of land, labor, and capital to produce goods and services.
Market: A place where the seller and the buyer meet to sell and buy goods and services.
Medium of Exchange: Money or any commodity generally accepted in exchange for goods and services.
Mixed Economy: An economy which combines private enterprise with government-owned or -controlled enterprise.
Money: Any generally accepted medium of exchange and unit of account for property, goods or services.
Money Capital: The money which is used to buy buildings, machinery, etc., necessary for the production of goods.
Monopoly: The kind of market in which one seller or a group of sellers controls such a large amount of a product that they can determine the price and quantity of a product offered on the market.

National Income: The total income received by businesses and individuals as wages, salaries, rent, interest, and dividends.
Natural Resources: All fields and soil fertility, water and potential waterpower, wildlife and fish, minerals and timber, which comprise the natural wealth of a nation.

Opportunity Cost: Cost of alternatives foregone, based on the principle that resources used for one thing cannot be used for another.

Planned Economy: An economy in which the use of resources is planned and controlled by the state.
Price: The amount of money that must be paid to purchase a product or service.
Producer: One who manufactures or provides goods and services.
Producer's Goods: Tools and equipment used to produce other goods.
Production: The creation of goods and services which are directly or indirectly capable of satisfying human wants.

Profit: The remainder after all factors of production have been paid.
Public Utilities: Certain industries are given monopoly status by the government to furnish public necessities. The prices and practices of such industries are subject to regulation by state and/or federal commissions. Electric, gas, telephone, telegraph, water, warehouse, and local transportation are examples of such public utilities.

Real Property: Land and the buildings standing on it.
Rent: The payment for the use of land and its resources or for properties on the land.

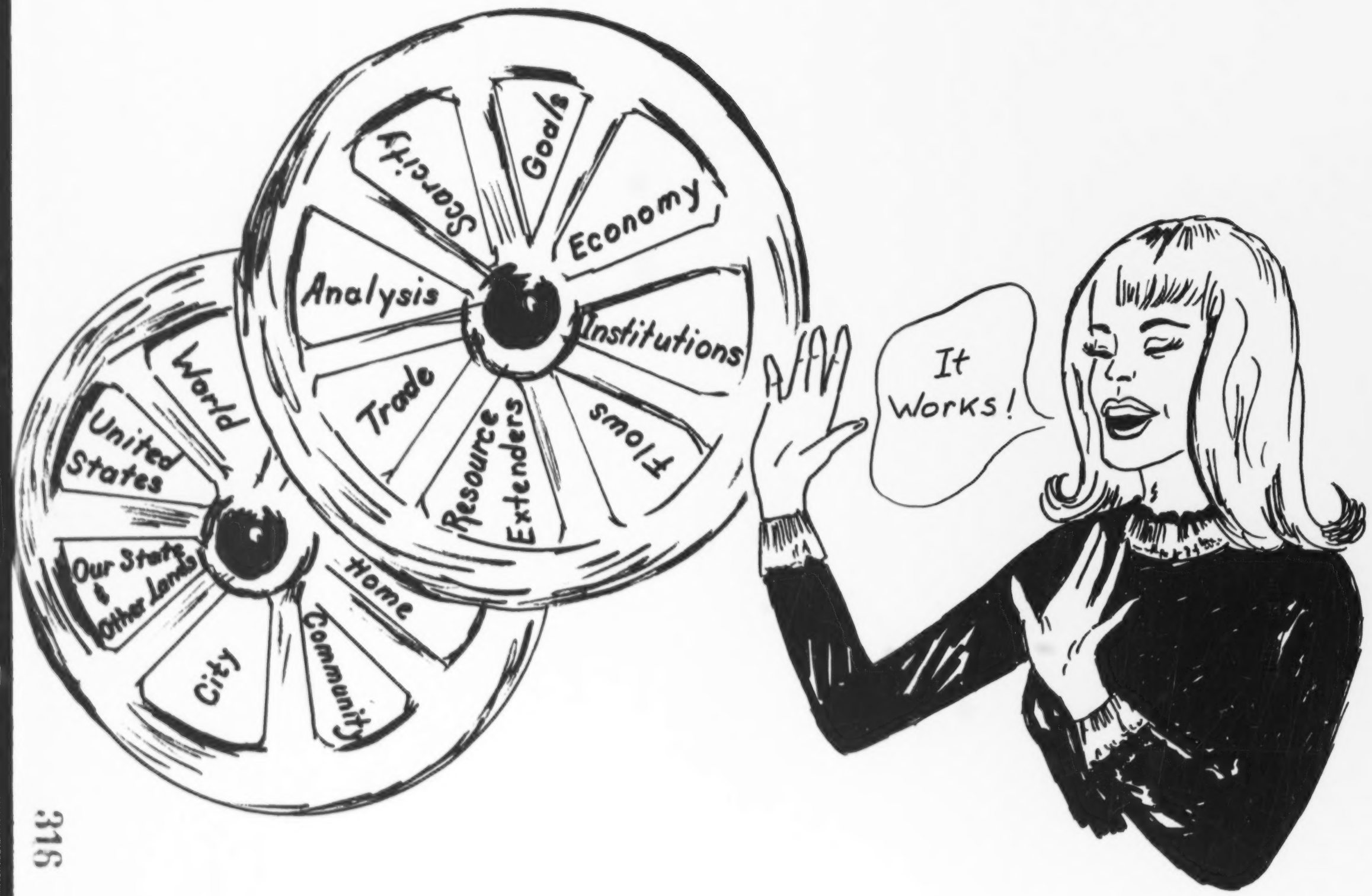
Salaries: Pay for services rendered in the production of goods and services.
Saving: Abstaining from consumption.
Scarcity: A shortage relative to wants, and includes the making of choices. (See Allocation)
Services, Governmental: The services operated by the government because there is a need for these services at prices so low that private enterprise is not interested in their operation.
Specialization: The division of labor in the production of goods and/or services so that each work performs a particular function. Also, the concentration in the production of goods and/or services for which a region or a nation has greatest comparative advantage.
Supply: The quantity of goods available on the market at a given time and price.

Tariff: A tax imposed on goods imported into or out of a country.
Tax: Compulsory payments made to a government by the people so that the government can provide services deemed necessary by society.
Technology: The application of technological knowledge to scientific, technical, and engineering knowledge used in the manufacturing and production of goods and services.
Trade: Exchange of goods and services.

Utility: The amount of satisfaction that a person gets from goods and services.

Value: The amount of money or goods given in exchange for another thing.

Wages: See Salaries.
Wealth: Any useful material article used by man. (Economic Goods)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